

## Signing of Japanese ODA Loan Agreement with Nicaragua

—Developing the Use of Small Hydroelectric Power Stations and Energy-Saving Devices in Central America—

(First Project in the Framework of Co-financing for Renewable Energy and Energy Efficiency with the Inter-American Development Bank)

Today, the Japan International Cooperation Agency (JICA) signed a Japanese ODA loan agreement with the Government of Nicaragua in Managua to provide a Japanese ODA loan of up to 1.496 billion yen for the National Sustainable Electrification and Renewable Energy Project.

The aim of the project is to promote energy conservation by constructing four small hydroelectric plants to electrify remote villages around Nicaragua with renewable energy, and by replacing streetlights, and public facility and residential lighting fixtures with energy-saving devices, such as sodium-vapor lights, light-emitting diodes (LEDs) and bulb fluorescent lights. It is expected that this initiative will promote renewable energy use and energy conservation in Nicaragua while reducing the impact energy use has on climate change.

At 77 percent, Nicaragua has a high dependency rate on thermal power generation, and the growing deficit in the current account of the country is caused in part by the soaring price of petroleum in the international market, along with volatile fluctuations that occur. Additionally, the average household electrification rate in Nicaragua is 78 percent, a low standard compared to the five neighboring countries in Central America that have a combined average of 91%, and the rate in rural areas of Nicaragua is extremely low at 30 percent. Diversification of the electric power structure through renewable energy development, promoting energy conservation and regional electrification are high priorities in the power sector, and this project is expected to make contributions in these areas.

In advance of this cooperation, JICA concluded an implementation framework with the Inter-American Development Bank (IDB) in March 2012 known as Cofinancing for Renewable Energy and Energy Efficiency. This project is the first to be based on that framework and will be cofinanced with the IDB. This is the fourth ODA loan to Nicaragua, and the first since 1994, nearly 20 years.

(Reference)

### 1. Terms and Amount of Loan

| Project title   | Amount<br>(million yen) | Annual interest rate (%) |                        | Repayment<br>period<br>(years) | Grace<br>period<br>(years) | Procurement |
|---|-------------------------|--------------------------|------------------------|--------------------------------|----------------------------|-------------|
|   |                         | Project                  | Consulting<br>services |                                |                            |             |
| the National Sustainable Electrification and Renewable Energy Project | 1,496                   | 0.3                      | -                      | 40                             | 10                         | IDB untied* |

\* Co-financing with IDB is based on Cofinancing for Renewable Energy and Energy Efficiency, and procuring countries are limited to IDB member states.

### 2. Project Summaries

Executing Agency

UCP-PNESER (the Spanish abbreviation for the National Program for Sustainable Electrification and Renewable Energy, Program Coordination Unit) under Empresa Nacional de Transmisión Eléctrica

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### 3. Planned Implementation Schedule

(i) Completion of project: November 2016 – when the facilities are put into service

(ii) Consulting services: No consulting service contracts through the ODA Loan are planned

(iii) Tender announcement of initial procurement package for international competitive bidding on project construction:

Procurement package titles: Streetlight Fixture Procurement Package, Public Facility Lighting Fixture Procurement and Installation Package, Residential Fixture Procurement Package

Release date: November 2013 (all packages)



Tomoyuki Oki (left), chief representative of the JICA Nicaragua Office, Masaharu Sato (center), Japanese ambassador to Nicaragua, Ivan Acosta (right), Nicaraguan minister of Finance and Public Credit