

## PROJECT ABSTRACT

Project Number	CH-0167
Name of the Project:	Santiago-Valparaiso-Viña del Mar Toll Road
Country:	Chile
Sponsors:	Grupo ACS and Grupo SACYR
Total Project Costs:	US\$ 427 million
Finance Structure:	Credit guarantee
IDB participation:	Up to US\$ 75 million equivalent
Status:	Approved by the Board of Executive Directors
Date:	December 20, 2000

### Project description

The Santiago-Valparaíso-Viña del Mar project is a toll road concession located in the central area of Chile. The project consists of the engineering, construction, upgrade, operation and maintenance of an existing 109.6km long toll road, in order to improve the access corridor between Santiago and the city of Valparaíso (Route 68), the main port of the country and current residence of the national Congress. The project also involves the expansion of 2.3 km road (“Ruta Las Palmas”), which links Valparaíso and Viña del Mar and the construction of 18 km of new road (“Troncal Sur”) linking the city of Viña del Mar with the cities of Quilpué, Villa Alemana and Peñablanca.

### Project Highlights

The Santiago-Valparaíso area includes a large proportion of Chile’s inhabitants. The population of the region is growing rapidly and is expected to reach 9.5 million by 2010. This growth is rendering the existing transportation infrastructure increasingly obsolete. In recognition of the situation, the Government of Chile decided to award a concession to a private sector group to provide the required toll road upgrades.

Pursuant to an international public tender, the project was awarded in February 1998 to a consortium made up of ACS Chile SA and SACYR Chile SA, respectively owned by Grupo ACS and Grupo SACYR from Spain, which in turn constituted Rutas del Pacífico SA, a single purpose company dedicated to carry out the concession contract. On May 29, 1998, the Chilean Ministry of Public Works published Decree Law N° 756 officially granting this concession.

## **IDB participation**

The Private Sector of the IDB received a request to support this project in Chile through the application of a credit guarantee instrument in order to facilitate a local currency financing, which is particularly appropriate for a project such as a toll road generating local currency revenue. The sponsors are able to mobilize sources of long-term domestic capital to finance the project through the issuance of a local currency bond for approximately US\$306 million with principal and interest payment guaranteed by the IDB and co-insurers. The well-developed private pension fund system in Chile creates an opportunity for the IDB to provide credit enhancements that enable the domestic savings held by the pension funds to be invested in infrastructure.