

Potential Investment Projects Costa Rica



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1 Introduction

This report contains the summary of the potential investment projects identified through the interviews conducted in Costa Rica. A total of 3 potential investment projects were identified of which 1 is for urban buses, 1 for taxis and 1 for Light Commercial Vehicles (LCV). The interviews were held throughout December and January. Up to this date the financing conditions of the program were unknown. This was one of the biggest barriers to withdraw information from the potential project-owners. Further, most of the projects were still ideas, since no attractive financing has been made available. No project with a pre-feasibility study could be identified up to that date. The willingness to invest in commercial EVs is clearly given by the operators and by the government, however, in order to obtain more detailed information (e.g. feasibility studies), a more formal and direct relation between the bank and the project owner (borrower) should be established.

It is important to mention that all projects must be technically, financially, economically, environmentally, socially, gender and legally structured. The structuring of each project will contribute to an adequate allocation of risks and bankability, as well as to the deployment of innovative business models.

2 Urban Buses

ID	1
City	Greater Metropolitan Area of San Jose
Contact	Aura Álvarez – Technical Director for the Council of Public Transport aorozco@ctp.go.cr . Tel: 00506 2486 9121 Rafael Magaña – Council of Public Transport CTP rmagana@ctp.go.cr Eduardo Brenes Mata – Viceminister of Transportation Eduardo.brenes@mopt.go.cr
Project owner (private or public)	Not yet defined; for bulk purchase association/lead operator or 3rd party.
CAPEX	28MUSD
GCF	8MUSD loan+ 6M IGS USD
AFD	8 MUSD
Degree of maturity	Many studies to implement electric buses in the fleet have been conducted by several parties such as IDB, GIZ, UN Environment among others. Most of the studies conclude, that e-buses are financially and technically viable for the Costa Rica. However, having the operators assume the complete cost is not an attractive option for them. Alternative set-ups have been drafted out, but there is no commitment as far as to implement them. Bus concessions will be renewed in 2021. There are no concrete intentions to include electric buses as a concession requirement. Latest news state that concession periods will be extended from 7 to 15 years to facilitate credits for e-buses. This has not yet been ruled out. It is not clear, whether this incentive will apply to all operators regardless of the purchase of e-buses or, if it is conditioned to a clear commitment to the renewal with e-buses.
Potential set-up	Public Private Partnership with preferential interest rates. Public institutions in Costa Rica have hardly invested in public transportation for years – 100% of the

	rolling stock is purchased by the private operators. Although it is hard to change this scheme, beneficial rates that can be achieved through a pledge from a public entity (i.e. CTP or MOPT), are the most effective way to make this project viable. There is currently no explicit commitment from these public entities, it is however been actively discussed in the committees for the electrification of public transportation
Name of Project	Urban Public Transportation: Fleet replacement in GAM.
General summary of the project	Purchase of 100 buses for various bus operators. Some 100-200 e-buses (12meters) need to be replaced annually by bus operators pre-defined by ARESEP as appropriate for using e-buses.
Timeline	100 electric buses (12 meters) by 2023.
Barriers identified	<ul style="list-style-type: none"> - The main barrier to financing buses is the 7-year concession period, which does not represent a guarantee for bankability. - The atomized market structure (small bus owner) results in very small amounts of buses being purchased. - The weak credit subjects will result in a problem of accessing loans and having favourable loan conditions.
Included in Funding Proposal	Yes, for short term (2022-2023)

3 Taxis

ID	2
City	Greater Metropolitan Area of San Jose (GAM)
Contact	
Project owner (private or public)	Charging network is owned by electric utilities depending on location; taxis are owned by individual taxi owners
CAPEX	7,9 MUSD
GCF	1,9M loan+ 0,8 M IGS
AFD	3,2
Degree of maturity	Project idea without any assistance so far.
Potential set-up	Financing with local banks at a preferential interest rate and private equity.
Name of Project	Taxis: Renewal of taxi fleet in GAM.
General summary of the project	200 e-taxi combined with a fast-charging network of 20 150 kW chargers in the GAM
Timeline	A total of 200 electric taxis by 2024.
Barriers identified	<ul style="list-style-type: none"> - Investments in e-taxis are financially risky. - Lack of urban fast-charging network catering to the needs of taxi drivers. - Serious financial problems of the sector: official taxis struggle under intense competition from ride-hailing services and latter are subject to legal intervention.
Included in Funding Proposal	Yes, for medium term (2024-2026).

4 LCV

ID	3
City	Greater Metropolitan Area of San Jose
Project owner (private or public)	Logistics and distribution companies or vehicle operating companies which rent/lease vehicles to distribution companies.
CAPEX	7MUSD
GCF	2MUSD loan
AFD	3MUSD
Degree of maturity	GIZ has worked with different companies that own a fleet that could be electrified. Some information about route lengths has been acquired. However, the high CAPEX of the LCVs has not made it attractive to invest.
Potential set-up	Financing with local banks at a preferential interest rate and private equity.
Name of Project	Light Commercial Vehicles (LCVs) in GAM.
General summary of the project	Replace 200 diesel light commercial vehicles (LCVs) with electric vehicles. A subsidy of 50% would be financed through a grant.
Timeline	A total of 200 e-LCV by 2024.
Barriers identified	<ul style="list-style-type: none"> -Investments in e-LCVs are financially risky. - Lack of an urban fast-charging network in case of necessity. - Lack of information and know-how of options and possibilities of e-mobility in this area. - Ownership structures are often a barrier as vehicles are owned by individual drivers and not by the logistics companies or by the cargo company.
Included in Funding Proposal	Yes, for medium term (2024-2026)