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## La Esperanza Hydroelectric Plant



La Esperanza hydroelectric power plant.

USAID works to create financing opportunities to assist the rural poor in purchasing energy. These interventions include micro-financing, training traditional lenders in the agriculture sector to be more open to credit for energy interventions, loan guarantees for lenders and developers, and other activities to encourage incentives investment in rural energy businesses.

To assist the private sector in providing energy services, USAID is supporting the FENERCA (Financing of Renewable Energy Enterprises in Central America) Program. FENERCA is managed by E+Co - an energy services group supported by USAID that assists small businesses in developing countries to access financing for clean energy projects and companies.

The USAID sponsored FENERCA program delivers a menu of training and capacity building services for energy entrepreneurs in Central America and has since expanded into other areas. Since the inception of the program in 2000, FENERCA has assisted more than 30 clean energy enterprises with technical assistance services and financing.

The 12.9 MW La Esperanza Hydroelectric Power Plant in Honduras is an example of a successful energy project developed with assistance from the FENERCA program. E+Co's technical assistance and loans during the early stages of the project resulted in the project developer – a company called Consorcio Inversiones, S.A. (CISA) - securing \$8.9 million in financing from a Honduran private bank called BGA and the Central American Bank of Economic Integration.

La Esperanza began operations in June 2003 and is expected to reach full capacity in 2005. With three powerhouses located along the Intibuca River, La Esperanza sells electricity to the Honduran State-Owned utility ENEE through a long-term Power Purchase Agreement, supplying much needed power to ENEE during peak hours when the country craves additional electricity, now mainly supplied by imported fossil fuels.

The La Esperanza project is a showcase for how clean renewable energy, and direct social and environmental benefits, can be derived from energy projects. CISA was instrumental in the planting of more than 18 hectares of new forests, and the project provides employment to 40 local people, and supports more than 120 people in indirect jobs and economic activity. It is estimated that 45,000 tons of greenhouse gases will be displaced annually by avoiding the use of fossil fuels to produce this electricity.

In reference to the success of the La Esperanza project, Mr. Ron Turner, President of CISA, said: "This project has been an interesting and challenging opportunity. We have had good support from the central and local governments. In La Esperanza and surrounding communities we have a good labor pool and active business support. This positive development climate, plus E+Co's professional business and financial

support, should make it possible to construct a number of similar projects in Honduras."

E+Co supported CISA with assistance on business plan preparation, which lead to a

\$250,000 loan for construction of the first of three powerhouses. CISA has also secured a loan to finance full construction of the final two powerhouses.

For more information, contact USAID's Office of Infrastructure and Engineering, email Jeff Haeni at [jhaeni@usaid.gov](mailto:jhaeni@usaid.gov)