

Comprehensive official agency financing solution for Line One of the Panama Metro

The Government of Panama prioritized the construction of a mass transit system for the City of Panama with the Panama Metro as the centerpiece of its plan

Case Study

The Challenge

The state of transportation and mobility within the City of Panama has historically been characterized as inefficient and marked by congestion, road insecurity, and inadequate infrastructure. As a solution to this long-standing issue, the Government of Panama prioritized the construction of a mass transit system for the City of Panama with the Panama Metro as the centerpiece of its plan. This ambitious new infrastructure project, beginning with the construction of Line One of the Panama Metro, required an initial investment of approximately US\$1.9 billion.

Line One will extend approximately 13.7 km along a path that connects the sector of Los Andes in the north to the transport terminal at Albrook, a densely populated commercial area in the southern part of the city, and traverse the main avenues running through the city's most highly-populated sectors. The line will have an initial transport capacity of 16,000 passengers per hour. Given the current level of congestion in the City of Panama's urban center, the Panama Metro will have a positive effect on the livelihoods of the city's residents and commuters by generating employment, reducing travel times, vehicle operating costs, and greenhouse gas emissions, while also helping people living in sub-urban regions access jobs and educational services in the city center.

The significant investment needed for this urban infrastructure initiative required the structuring of a competitively priced, long-tenor financing solution that also helped the Republic of Panama diversify its funding sources.

The Solution

Implementing a comprehensive Official Agency financing solution that incorporated both Export Credit Agency (ECA) and Multilateral Institution-guaranteed debt, Citi successfully arranged more than US\$600 million for the Republic of Panama in support of the Panama Metro project. For the rolling stock and electro-mechanical equipment coming from France and Spain, Citi raised a US\$362 million term loan facility with support from COFACE and CESCE, the French and Spanish ECAs, respectively. In addition, to finance additional general construction and civil works costs, Citi arranged a US\$250 million loan with backing from the Multilateral Investment Guarantee Agency (MIGA), the political risk insurance arm of the World Bank Group.

The Result

These landmark transactions, both of which were successfully syndicated to a set of top-tier international banking organizations, are a sign of Citi's continued commitment to the growth and development of Panama's vital infrastructure, which started with support for the original Panama Canal construction back in the early 1900.