Early Warning System

FMO-60760

HIDRO XACBAL S.A.

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Quick Facts

Countries	Guatemala
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Proposed
Bank Risk Rating	A
Borrower	Hidro Xacbal S.A. - Grupo Terra
Sectors	Climate and Environment, Construction
Investment Type(s)	Loan
Investment Amount (USD)	$ 3.73 million
Loan Amount (USD)	$ 3.73 million

Project Description

WHO IS OUR PROSPECTIVE CLIENT?

Hidro Xacbal has been a client with FMO since 2007 when we signed a 15-year USD 30m senior loan as part of a USD 145.5 syndicated deal with Royal Bank of Trinidad and Tobago as Facility Agent to build and operate a hydro power station in Guatemala. Hidro Xacbal is part of the Grupo Terra group of companies with whom FMO now has 5 transactions in Renewable Energy.

WHAT IS THE FUNDING OBJECTIVE?

The loan matures in March 2022 with a partial balloon payment of USD 5.8m (FMO portion, total approx. USD 34m). The client asked to extend the loan by 3 years and spread the repayments out per quarter in a linear fashion. One of the current lenders, CABEI has decided to opt out of the extension. FMO, together with DEG and RBC will take over pro-rata a portion of the CABEI exposure. FMO's new exposure will become USD 9.5m. The extension will allow the client to spread out the last payment over a reasonable tenor (not excessively long given the strong performance over the years) and increase its working capital facility with a local bank to better manage its cashflows throughout the year.

WHY DO WE WANT TO FUND THIS PROJECT?

By extending the tenor, the client can increase its working capital lines with a local commercial bank and streamline its monthly cashflow profile. When the deal was signed in 2007, FMO could only offer a 15-year tenor, so the repayment schedule had a partial balloon repayment. It was known then that the loan would have to be refinanced. The extension will allow the project to better match cashflows to the new repayment schedule.

ENVIRONMENTAL AND SOCIAL RATIONALE

FMO's E&S category for this transaction is A. All risks are within the existing footprint of the Project and have been properly mitigated with a working ESMS. This investment needs to continue managing impacts in a manner consistent with all IFC Performance Standards: PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and Working Conditions; PS3: Resource Efficiency and Pollution Prevention; PS4: Community Health, Safety and Security; PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resource; PS7: Indigenous Peoples and PS8: Cultural Heritage. While PS5 has been triggered, there are no further actions required on this regard and there is a working grievance mechanism that remains current and active to capture any complaint.

Investment Description

- Netherlands Development Finance Company (FMO)

Private Actors Description

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Contact Information

ACCESS TO INFORMATION

As part of FMO's ex-ante disclosure (disclosure of transactions before contracting), you can send requests or questions for additional information to: disclosure@fmo.nl

ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW). A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: https://www.fmo.nl/independent-complaints-mechanism