Early Warning System

FMO-61609

ENGIE ENERGIA PERU S.A.

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Quick Facts

Countries	Peru
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	B
Voting Date	2022-08-05
Borrower	Engie Energía Perú S.A.
Sectors	Energy
Investment Type(s)	Loan
Investment Amount (USD)	$ 100.00 million
Loan Amount (USD)	$ 100.00 million

Project Description

WHO IS OUR CLIENT

ENGIE Energia Peru S.A. is the second largest private power generation and energy infrastructure company in Peru, supplying over 10% of the total power consumed in the country. ENGIE Energia Peru's shares are listed in the Lima Stock Exchange. The Company has a local credit rating of AAA (stable) by Moody's and Fitch. ENGIE Energia Peru is part of ENGIE Group, which is present in around 50 countries. In Latin America, ENGIE Group is present in Argentina, Chile, Colombia, Mexico and Peru. ENGIE Energia Peru is working on a more sustainable power generation, to align with the ENGIE Group's goal of being Net Zero Carbon by 2045, reaching an installed renewable energy capacity of 80 GW by 2030, and exiting all coal assets globally by 2027.

FUNDING OBJECTIVE

FMO will follow IDB under its A-loan through a Participation Agreement between IDB and FMO. The transaction is a Corporate loan and the funds will expand ENGIE Energia Peru's renewable portfolio in Peru through the construction of the Punta Lomitas Wind Farm, a 296 MW greenfield wind farm and 60 kilometers of an associated transmission line, located about 300 kilometers south of Lima. It will be the Company's first wind farm and the largest of its kind in Peru. ENGIE Group is very active in wind energy globally (on and offshore as well floating) with the aim to reach 80GW in 2030.

WHY WE FUND THIS PROJECT

The loan will be used for 100% green power generation project, as well as it provides an opportunity to FMO to gain presence in Peru. This financing will provide longer-term liquidity that is not available in the local market given the current COVID-19 context and political instability in Peru. Currently only 1-2% of the estimated potential of wind and solar sources is being harnessed in Peru. This transaction will help the country to continue benefitting from its renewable energy potential given its privileged resource availability by diversifying the energy matrix towards cleaner sources and reducing its carbon intensity.

ENVIRONMENTAL AND SOCIAL RATIONALE

FMO's E&S Category for this transaction is B+. ENGIE Energia Peru has a very proactive approach to E&S and has received awards on their ESG practices. At the corporate level, ENGIE has several E&S policies including: (i) Social; Occupational Health and Safety; (iii) Environmental; (iv) Salary; (v) Corporate Sustainability. The following IFC Performance Standards are triggered: 1-4, 6, and 8. IFC PS5 and 7 are not considered triggered as the wind farm is not located in sites considered of high archaeological, paleontological or cultural value, and there will not be any impacts on indigenous people. Plans and mitigants have been put in place or are part of the Environmental and Social Action Plan (ESAP) items to mitigate construction and operation risks.

Investment Description

- Netherlands Development Finance Company (FMO)

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	ENGIE	Undisclosed	-

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