

 Early Warning System

FMO-63102

Hydrobox Infrastructures SEZ Limited



Quick Facts

Countries	Kenya
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	B
Voting Date	2024-10-30
Borrower	Hydrobox Infrastructures SEZ Ltd
Sectors	Energy, Hydropower
Investment Type(s)	Loan
Investment Amount (USD)	\$ 7.00 million



Project Description

According to the Bank's website, the FMO loan will serve for the financing of a hydropower mini-grid portfolio in rural Kenya, as part of a larger facility with ElectriFi, which will provide a USD2 MLN senior debt facility. The portfolio will consist of eight hydro power plants forming five mini grids totalling 2.3MW of which two interconnected plants are already online.

This investment aims at providing 100% renewable energy access to households and businesses in rural Kenya. Lack of proper energy access to households and businesses continues to hold back social and economic development, especially in rural Sub-Saharan Africa (SSA). FMO is additional in addressing the financing gap: the mini-grids and Energy Services Company ("ESCo") sectors are severely underserved due to being too early stage for commercial funding in SSA, and still reliant on grants and DFI funding. Also, FMO can provide a tenor of 10-12 years, which is not available in the market.



Early Warning System Project Analysis

This is a category B+ project, due to risks related to the Construction Phase and potential impacts on communities. The individual hydro power projects are in micro/mini hydro category and come with small footprints. Two projects have been realised and six more are planned. Key risks are: developers' relatively limited experience with DFI standards, project environmental and social impact assessments, stakeholder support and perspectives, hydrology and climate change, competition on water (users), land take, connections to houses and businesses (transmission line), typical Construction Phase risks (like labour, OHS, workers camp, workers grievances, sub-contractor management, noise, dust, traffic, job seekers/influx management, community consultation and grievances), biodiversity and E-flow, cumulative impacts and river basin management and operational risks including flow management. Relevant IFC PS: all 1-8 except PS7 on Indigenous People, as confirmed by DD.



Investment Description

- Netherlands Development Finance Company (FMO)

Funding: AEF-I



Private Actors Description

Hydrobox Infrastructures SEZ Ltd is a hydropower plant and mini-grid developer focused on developing small run-of river hydro mini-grids in Kenya under the Anchor, Business & Household Customer ("ABC") model. Under this model, c. 70% of the generation will be sold to commercial and industrial clients through long-term USD contracts.



Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Hydrobox Infrastructures SEZ Ltd	Client	-



Contact Information

<https://hydrobox.africa/>

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>