

Early Warning System

IIC-12135-01

PROLEC

Quick Facts

Countries	Mexico
Financial Institutions	IDB Invest (IDBI)
Status	Approved
Bank Risk Rating	B
Voting Date	2018-09-21
Borrower	PROLEC
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 15.00 million
Loan Amount (USD)	$ 31.58 million
Project Cost (USD)	$ 31.58 million

Project Description

This project disclosure includes two projects. First, the Inter-American Development Bank Invest (IDB Ivest), previously the Inter-American Investment Corporation (IIC), will provide a short-term loan that can be withdrawn, repaid and withdrawn again any number of times for up to MEX$400 million to Xignux. Second, the IDB Invest will provide a short-term loan that can be withdrawn, repaid and withdrawn again any number of times for up to US$10 million to Prolec. Repayments and withdrawals will be allowed for 12 months, and will be renewable on a yearly basis for up to six additional years.

Both projects are for the purchase of accounts payables issued by Prolec or Xignux or one of their eligible subsidiaries.

These loans will allow Xignux and Prolec's suppliers with alternate solutions to finance its working capital needs, using E-Factor Network platform to sell to IDB Invest Xignux's and Prolec's accounts payables.

The Xignux loan component has been approved by IDB's Board of Directors on 23 July, 2018. The second component will be voted on by the Board on 21 September, 2018.

Early Warning System Project Analysis

IDB Invest has classified this project as Category B (medium risk) because it says the project's potential environmental and social risks and impacts are limited, are largely reversible, and can be mitigated via measures that are readily available in the context of the operation.

Investment Description

- IDB Invest (IDBI)

Xignux will receive an Uncommitted Revolving Line of Credit for Mex$400 million.

Prolec will receive an Uncommitted Revolving Line of Credit for US$10 million.

Private Actors Description

The Inter-American Development Bank Invest includes the following description of the connection between the private partners involved in the project:

"Xignux is a Mexican-based global company founded in 1956 and active in the production of cables, transformers, food products and construction materials. It produces over 15,000 products, which are sold across 40 countries in the Americas, Africa, Asia and Europe. It operates 26 different plants across five countries with more than 21,000 employees (roughly 65% are men). Its principal brand names and divisions are Viakable (cables), Prolec GE (transformers), Voltrak (infrastructure), and Qualtia, with brands such as Zwan, Kir, Alpino, Caperucita and Duby, among others (processed food).

Prolec is also located in Mexico and is dedicated to designing, manufacturing, and selling products and solutions for the generation, transmission, and distribution of electrical energy. Prolec started in 1969 with the acquisition of a small transformer plant located in Mexico City. In 1976 a new plant was built in the state of Nuevo Leon. By 1995 Prolec GE was formed as a joint venture between Xignux and General Electric (GE), a worldwide leader in several industries and services sectors."

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	General Electric Company	Investor	-
-	-	-	-	Prolec GE, S. de R.L. de C.V.	Client	-
-	-	-	-	Xignux, S.A. de C.V.	Client	-

Contact Information

Contact:

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ACCOUNTABILITY MECHANISM OF IIC

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IIC)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IIC is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).

Campaign Documents

- Business and Human Rights Resource Center: General Electric Company