

**QPR/QOR (Jan- March/2012)**

Description (QOR):

During this quarter, the modified version of the Partial Credit Guarantee Program (integrated DI 137/2008) was presented to IFI members in Central America, as well as some improvements to the Operating Manual of Partial Credit Guarantees.

On March 26th 2012, the Credit Committee of CABEL approved an ARECA Partial Credit Guarantee requested by Banco Atlantida S.A. Honduras, (U.S. \$ 1,000,000.00), which acts as a partial coverage of US\$7,900,000.00 long-term financing approved by the bank for the construction of the "Hydroelectric Project Zingüizapa (2,975 MW)" developed by the company Gutierrez Arevalo Energy SA (GA Energy). This project is located in the Department of Francisco Morazán, Honduras. The approval of this financing by CABEL represents 38% of the goal of placing guarantees 2012, which is \$ 2.6 million. This coverage amount of U.S. \$ 1,000,000.00 included 50% from the GEF fund and another 50% of the replicate Partial Credit Guarantees Fund provided by the Government of the Republic of Finland, equivalent to three hundred eighty-one thousand four hundred Euros (€ 381,400.00).

ARECA led to the US\$3,672,000.00 financing of Coralito Hydroelectric Project (1.75 MW) in Banco Agromercantil de Guatemala, SA, which is promoting ARECA's goal to remove financial barriers for small renewable energy projects. This project had considered the use of the partial guarantee of ARECA, due to the support and assistance given by ARECA for funding approval; the financial institution modified the original credit terms and felt that it could assume the full risk without the GPC.

In this quarter, on-line courses have been placed at the disposal of the general public in ARECA Website, incorporating self-taught links related to "Project Evaluation, Risk Mitigation and Financing Methods of Renewable Energy Projects". This courses provide learning modules and spreadsheets with macros programmed to perform calculations on financial ratings for renewable energy projects. Another success was the activation of E-System, a tool by which the IFI's can provide the application of GPC to CABEL virtually.

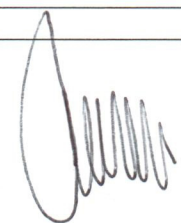
There is a total of 43 Partial Credit Guarantee Contracts in Central America. It should be noted that in February 2012, ARECA led the negotiations to enable the Global Line of Credit with Banco Agromercantil de Guatemala, S.A. and the GPC contract.

Also, ARECA coordinated a presentation in Honduras Expoenergy 2012, which focused in "Financial Risk Analysis of Small and Medium Scale Hydropower Projects" (February 7 to 11, 2012).

The final draft of the study "Methodological Guide for Addressing Social Projects Power Generation Water Sources" was received and will be distributed digitally in workshops to be held on May, jointly with the Honduran Association of Renewable Energy Producers (AHPPER), the Department of Natural Resources and Environment (SERNA) and the Ministry of Social Development of Honduras.

**Delivery rate:**

|  |                   |
|--|-------------------|
| Annual Budget for current calendar year.     | US\$ 1,183,577.00 |
| Budget expenditures to date.                 | US\$ 47,423,85    |
| Delivery rate (budget expenditure / annual). | 4,01%             |



/AF