

## QPR/QOR (April-June 2013)

### Description (QOR):

During this quarter, ARECA is analyzing the emission of its third Partial Credit Guarantee for San Alejo Hydropower (2.1 MW) located in Honduras and with a long term loan approved by Banco Lafise of Honduras. If approved by CABEL's credit committee, this partial credit guarantee will amount a total of US\$ 1.0 Million. Proper on field follow-up was given to Quilio (1.3 MW) and Zingüizapa Hydropower (2.98 MW) in Honduras as they have been benefited by ARECA's PRG.

Other projects that are expected to be benefited with ARECA's PRG during this year are:

- El Molo hydropower (3.9 MW) in Honduras
- Isla /Monteverde II hydropower (3.6 MW) in Costa Rica
- Peña Flor hydropower (0.5 MW) in Guatemala
- ASA hydropower (1.1 MW) in Nicaragua

Training sessions to renewable energy stakeholders remain a constant for ARECA's PCU. During this reporting period four (4) training workshops were implemented:

Country	Workshop	Description	Attendants	Results
El Salvador (April 10th, 2013)	Salvadorian Development Bank (BANDESAL)	"The RE sector, business opportunities in El Salvador and ARECA's PRG program"	Bank executives linked with credit and risk operations	To present ARECA following the signature of the PRG Program between this bank and CABEL
Honduras (April, 18th, 2013)	Cooperatives and Honduran Coffee Bank (BANHCAFÉ)	Financial products and technical assistance initiatives with CABEL to support sustainable development, climate change and biodiversity	BANHCAFÉ executives and project developers involved in the agro industrial sector	Project presentation along with Honduras Country Office, CAMBio Project and Iniciativa Mipymes Verdes.
Guatemala (June 10th, 2013)	Workers Bank (BANTRAB)	Introductory workshop in RE projects, ARECA and the PRG Program.	Business executives and credit analysts at BANTRAB	To encourage this IFI to enter the RE market by sharing practical information about the sector to attract its interest.
Honduras (June 28th, 2013)	Members of the Honduran Association of Renewable Energy Power Producers (AHPER)	Business roundtable at CABEL related with small and medium RE projects.	Business executives and credit analysts from Banco Lafise, AHPER members and Mipymes Verdes personnel	To update all RE stakeholders in Honduras about CABEL's support activities in favor of RE. Particular attention was given to ARECA and Mipymes Verdes initiative.

In order to provide excellent assistance to ARECA's costumers, the technical specialist in ARECA received a training course in Biogas. This course was taught by Renewables Academy (RENAC) from Germany and took place at the Zamorano Agricultural University in Honduras during 5 days. More training activities will continue in the following months to all personnel in ARECA's project coordination unit in order to serve better to all our customers and renewable energy stakeholders in general.



Regarding the Technical Assistance Fund, one (1) project was presented during the reporting period. This request came from Castillo Torres (CASTOR), project sponsor of El Molo Hydropower (3.9 MW) in Honduras and the amount requested was US\$ 80,000. During the analysis of their request, the Technical Assistance Committee identified flaws in terms of social documentations to back-up all social and environmental commitments agreed with the Municipality and local stake holders. To date, the project sponsor hasn't provided all documentation requested by the Committee and there's no final answer regarding the granting of this technical assistance. ARECA's PCU is expecting to present to the Technical Assistance Committee, no less than 5 projects during the second semester 2013, such as PH La Puerta I and PH Santiago in Honduras, PH La Isla/Monteverde and PH Llano bonito in Costa Rica and PH ASA in Nicaragua. It's important to mention that PH Llano bonito (0.5 MW) was granted a technical assistance by CABEL's Mipymes Verdes so there's a good opportunity to joint efforts with this program within CABEL to help the project sponsor reaching technical and financial closure.

ARECA's pipeline is strong and as the sector continues to improve in the region (due to more market openness, long term contracts from distributors, cost of oil and its by-products, and environmental concerns due to climate change) more projects are being added in order to evaluate them as possible candidates for the PRG as well as the Technical Assistance Fund. ARECA's pipeline (renewable energy projects < 10 MW) reach 30 projects within the region with a total power of more than 50 MW and a total investment of US\$ 132 Million.

With the good performance shown by ARECA and CABEL well known banking principles, it's significant to highlight the interest shown by the Swedish International Development Agency (SIDA) to support either the PRG program or the Financial Assistance Fund (currently under design and approved by the Project Steering Committee in its latest meeting in November 2012 in Tegucigalpa). For that reason, ARECA has been giving feedback to the External Funding Department at CABEL since they're leading the negotiations with this organization.

In terms of visibility, ARECA continues to improve and during this quarter there were 5,737 visits to our project website which represent a 35% increase with respect of the same period of 2012. Likewise, there were 36,103 hits within the website that represented a 51% increment.

Delivery rate:

Annual Budget for current calendar year	US\$ US\$ 407,864.00
Budget expenditures to date	US\$ US\$ 130,725.59
Delivery rate (budget expenditure ÷ annual budget)	32.05%