

IDC Network & BCC Capital | Xochi



Date of Investment

September 2023

Transaction Size

USD300m

Participation Stake

20%

Xochi, Corredor de las Flores, is a highway infrastructure project involving the design, construction, operation and long-term maintenance of an alternative route to Guatemala’s Central American Highway 2 (CA-2). Fondo BPS, a partnership between IDC Network and BCC Capital, led the project from concept through financing, construction, and to be fully operational this year. Through an innovative financing structure that enabled participation from local investors and surrounding communities, combined with workforce development and community investment programs, the project strengthened local ownership while supporting regional economic development.

Investor Profiles



FUND NAME	FUND SIZE	TOTAL AUM
Fondo BPS, S.A.	USD300m	USD2.7b

IDC Network is a Guatemala-based multi fund management platform, committed to transforming lives and making a positive impact on society through investments and projects. Through its energy and infrastructure vertical the firm focuses on originating, structuring and managing projects across emerging markets.

Company Profile



COMPANY NAME	INDUSTRY	LOCATION
<u>Xochi Corredor de las Flores</u>	Infrastructure	Guatemala

Xochi, Corredor de las Flores, is a highway infrastructure project focused on the design, construction, operation, and long-term maintenance of an alternative toll-road route to the Central American Highway 2 (CA-2). The project is designed to reduce travel times, vehicle operating costs and congestion-related emissions along one of Guatemala’s most strategic trade corridors.

The Opportunity

In Guatemala, infrastructure deficits represent a significant constraint on economic growth and social development. According to the IDB, the country requires approximately USD48b in infrastructure investment by 2030 to meet development needs across transport, water, energy and telecommunications. Limited public resources have historically restricted the government's ability to address these gaps, creating opportunities for private sector participation.

Transportation infrastructure in particular plays a critical role in supporting economic development, regional integration and access to essential services. However, Guatemala's road network is often incomplete or in poor condition, particularly in rural and mountainous regions where public investment has been limited. As a result, road rehabilitation, expansion and congestion mitigation have become central priorities for policymakers seeking to improve logistics efficiency and connectivity across the country.

The Central American Highway 2 (CA-2) is one of the country's most important transport corridors, linking key agricultural production zones with major Pacific ports and facilitating regional trade flows. The corridor is estimated to support roughly 75% of trade flows within Central America, making it strategically important not only for Guatemala, but for the region as a whole. Despite its importance, sections of the highway have become heavily congested. The 30-kilometer stretch between Suchitepéquez and Retalhuleu, for example, can take more than three hours to complete due to high volumes of freight and passenger traffic combined with insufficient road capacity, resulting in significant mobility, safety and logistics challenges.

In 2018, IDC Network identified a critical opportunity to address congestion along the CA-2 West corridor. To strengthen the initiative, IDC invited BCC Capital to join as a strategic partner, bringing together the complementary expertise needed to develop a viable bypass route. The project involved the design, construction, operation and long-term maintenance of a new 31-kilometer highway known as Xochi, Corredor de las Flores. According to project projections, three out of every 10 vehicles will use this alternate route, reducing travel time for the corridor to ~30 minutes. This highway aims to strengthen connectivity between key economic regions, supporting trade and regional development in Guatemala's southwestern corridor without relying on public investment.



Execution

The development process involved securing right of way through the acquisition or partnership structuring of more than 75 land parcels, obtaining approvals for connection to the CA-2 West highway, and securing the necessary environmental and construction licenses.

The project also implemented an innovative financing strategy to raise debt capital, securing approximately USD185m from local stakeholders and multilateral financial institutions. A structured convertible bond issued by an investment vehicle called Conacaste Capital was listed on Guatemala's national stock exchange to enable local investor participation. Through this vehicle and Xochi's investment and finance and educational program "Inviertex", more than 300 individual investors participated in the project's financing. By offering accessible investment ticket sizes to domestic investors (less than USD700 per convertible bond, the lowest ticket in Guatemala's stock exchange), Fondo BPS broadened participation in infrastructure financing while strengthening local ownership and alignment with the project.

As of April, 2026, the project has reached advanced execution stages, with 23 bridges completed in the operational stage and overall construction progress stands at approximately 80% completion. The highway is expected to become operational in the first semester of 2026, at which point it will begin generating revenue through toll collection.

Environmental and Social Impact

In addition to its economic and logistics benefits, the Xochi project has incorporated social and environmental initiatives designed to support long-term sustainability and community development. The project has prioritized local employment generation through the Xamba program, directly employing an average of 1,240 workers, with approximately 66% of the workforce hired from surrounding communities during the construction phase. The project has also generated approximately 1,612 indirect jobs, further contributing to regional economic development. Moreover, 10% of the total workforce is identified as indigenous people and 5% are women, reflecting the project's commitment to inclusive employment and diversity policies.

In 2025, the project also delivered approximately 305 training sessions covering environmental management, social responsibility and occupational health and safety, contributing to workforce development and capacity building in the region. The project also launched Emprendex, a program designed to support local women's entrepreneurship through training, mentorship and capacity building for small businesses operating. In total, the project has invested ~USD260,000 in community development initiatives and local infrastructure improvements.

From an environmental perspective, the project incorporated engineering and environmental management measures designed to minimize ecological impact and protect local natural resources. To preserve local waterways and natural drainage patterns, the highway was engineered to maintain hydrological flows through the construction of more than 50 bridges and culverts, reducing flood risk, preventing sedimentation and minimizing disruption to surrounding ecosystems. The project has also committed to planting approximately 70,000 native trees as part of a long-term reforestation strategy and has implemented continuous environmental monitoring programs to allow for early identification and mitigation of potential environmental impacts.