

# Fuel Cells Financing Initiative for Distributed Generation Applications



## BACKGROUND

There is a growing need for clean reliable power for productive applications in many developing economies where grid power is either not available or is unreliable. If manufacturers and entrepreneurs recognize the promise and the challenges of this market, it may be possible that fuel cells answer this need. The Fuel Cell Financing Initiative for Distributed Generation Applications (FCFI) will provide up to US\$ 54 million in two stages for the development and promotion of stationary fuel cell applications in eligible developing countries. The initiative is funded by the Global Environmental Facility (GEF), and is being executed by the International Finance Corporation (IFC).

The first stage of the initiative is approved by the GEF Council. In 2004, the IFC sought and reviewed proposals from private sector players for the development of up to three stationary fuel cell projects in developing countries that are GEF members and signatories of the United Nations Framework Convention on Climate Change (UNFCCC). For more information about the program, and to view the RFP, please see <http://www.ofc.org/enviro>. For details about the GEF and UNFCCC, please check the following websites: [www.gef.org](http://www.gef.org) and [www.unfccc.int](http://www.unfccc.int).

## THE INITIATIVE

The objective of the first stage is to gain transactional experience with stationary fuel cell technologies in developing countries. Participants will be encouraged to come up with innovative business models and applications that have the potential of being sustainable and replicable. Subsidies are provided in order to make fuel cells more "affordable" during this stage of the initiative. Up to three commercial demonstration projects will be set up during the first stage, with a maximum subsidy of US\$ 3 million per project. The subsidy will not exceed the lower of US\$ 2000/kW installed and 50% of the fuel cell portion of the capital costs.

The second stage of the initiative will build upon the lessons learned from the first stage and will be initiated only when technology prices have dropped to more acceptable levels. The subsidy levels in the second stage will be lower to reflect the near

## FCFI AT A GLANCE

	FUNDING	TIMING	CONCESSIONALITY
STAGE 1	US \$ 9 million	2004-2010	US\$ 2000/kW, or 50% of total capital costs
STAGE 2	US 45 million	Post-Stage 1	Will have lower subsidy levels.
<b>TOTAL</b>	<b>US \$ 54 million</b>		

commercial costs of the technologies. Greater emphasis will be placed on market penetration and sustainable growth during this stage of the initiative. We would also like to promote more commercial forms of financing such as debt and equity instruments during this stage.

## CRITERIA FOR SELECTION

Only projects located in GEF eligible countries will be considered. Countries considered eligible for this program are those that have ratified the United Nations Framework Convention on Climate Change (UNFCCC). Accepted proposals must show an environmental net benefit as compared to conventional alternatives for the project. Submissions are also judged on the promise of long term replicability and sustainability. In addition, all submissions must demonstrate the economic benefits of fuel cell technology, and the long term cost reductions of the technology in the context of the project itself.

IFC will issue a Request for Proposals (RFP) for this program in early June 2007. All interested parties should contact:



**Sandeep Kohli**  
Tel 1.202.473.5317  
Fax 1.202.974.4389  
E-mail [SKohli@ifc.org](mailto:SKohli@ifc.org)



**Stacy Swann**  
Tel 1.202.473.7139  
Fax 1.202.974.4389  
E-mail [SSwann@ifc.org](mailto:SSwann@ifc.org)



**Angelita Coloma**  
Tel 1.202.458.7329  
Fax 1.202.974.4389  
E-mail [AColoma@ifc.org](mailto:AColoma@ifc.org)