

Frequently asked questions:

■ **Are there any limits to IFC's financial support?**

Typically, in loans and equity, IFC will finance up to 35 percent of a new project and 50 percent of an expansion project, with an upper limit of 25 percent of the capital employed.

■ **When is IFC willing to contribute equity?**

IFC will provide equity when the financial structure will benefit from IFC's participation, when the owners express an interest in IFC's participation, and when IFC sees a strong potential for profit and development impact.

■ **Is IFC a long-term equity partner?**

IFC will remain in a project as long as its presence is needed for financial and risk mitigation reasons. IFC will require an exit mechanism, which could be a private placement, put option, or placement on the market.

■ **Does IFC provide long-term loans?**

Yes. IFC provides loan terms that enhance the project's sustainability. Grace periods and tenors are matched to the project's ability to repay.

■ **Can IFC be the lead lender?**

IFC typically takes the lead in organizing financing for its projects. However, IFC almost never holds the majority exposure in a project or company. Whenever possible and practical, IFC will leverage its own investment through loan participations to one or more international commercial banks.

■ **Does IFC invest in all emerging markets?**

IFC invests in private projects and companies in emerging market member countries that are classified by the World Bank as having low or middle income. The 181 member countries include all the major investment destinations.

■ **Does IFC guarantee protection from political risk?**

No. However, IFC's participation in a project mitigates political risks, which benefits all stakeholders in the project. Co-investment with IFC involves a long-term partnership for an investment or a series of investments in emerging markets. In case of difficulty, IFC works closely with partners in an affected project to address issues with the relevant government or private entities.

■ **Can IFC mobilize other financing sources?**

Yes. IFC can offer loan participations services through partnering with banks or other financial institutions.

■ **What other benefits does IFC investment provide?**

An IFC investment is often seen as a stamp of approval, given IFC's status and the care it takes in evaluating its investments. IFC provides support on corporate governance and on environmental and social sustainability, where relevant.

■ **How is IFC supporting existing and new clients during the current financial crisis?**

As part of its counter-cyclical investing role, IFC continues to support its existing clients and to invest in projects with new clients during the present crisis; IFC continues to have a strategic focus on climate-change related investments.

IFC's mission is to promote sustainable private sector investment in developing countries, helping reduce poverty and improve people's lives.

For further information, please contact:
Reyaz A. Ahmad 1-202-473-7785 or rahmad@ifc.org



International Finance Corporation
2121 Pennsylvania Avenue, N.W.
Washington, D.C. 20433
USA
1-202-473-3800
www.ifc.org

Financing Renewable Technologies Worldwide

*IFC: A knowledgeable partner
in the emerging markets*





IFC is the largest multilateral source of loans and equity finance for private enterprises in emerging markets.

- IFC, a member of the World Bank Group, specializes in investment in private companies and projects in emerging markets, including China, India and Russia.
- IFC's shareholders are 181 developed and developing countries represented on IFC's Board of Directors by their governments.
- At the end of fiscal year 2008, IFC had a net worth of \$18.3 billion and a total committed portfolio of \$39.8 billion. The committed portfolio includes investments in 1,490 companies in 122 countries.
- IFC is unique among international financial institutions, with a global focus and strong local presence. IFC staff are based in 100 cities in 81 countries.
- IFC invests in sustainable private enterprises that benefit the economy, promote a sound environment and social well-being, and are examples of good business for other entrepreneurs.

IFC's wide range of financial products and services:

- IFC provides long-term debt, quasi-equity, and equity financing for private sector investments on market terms, in the form of project or corporate finance.
- In some countries where only short- to medium-term financing is available, IFC can provide long-term funds (8-12 years), sometimes in local currency.
- IFC has extensive local knowledge and contacts through offices in some 80 emerging markets.
- IFC can also mobilize additional funding from international commercial banks, which would otherwise not be willing to invest (or would invest for the short term only) because of country risk factors. Such mobilization is due to the reduction in political risk that typically results from coinvesting with IFC. As a member of the World Bank Group, IFC has preferred creditor status in the countries in which it invests, the benefits of which extend to the projects it supports.

- IFC also participates in corporate restructuring projects by assisting viable companies in realigning their operational cash flows with their financial obligations through financial restructuring measures.

The worldwide renewables industry:

- Significant growth in production volumes in recent years due to increased government support for renewable energy, and in response to higher oil, gas and other energy prices; growth continues at more moderate rates notwithstanding the crisis.
- Highly capital-intensive; lower supply chain and components costs leading to installation cost reductions and increased competitiveness; continuous innovation making new technology more affordable and more scalable.
- Budding industry clusters in emerging market countries; help to accelerate cost reductions and achieve grid parity; wind market established in larger developing countries; solar market in developing countries expected to take off once grid parity is achieved.

Facts about wind and solar power:

- World electricity demand expected to double by 2030; grid parity for renewables is achievable within ten years in most major power markets.
- Solar photovoltaic (PV) production represents the world's fastest-growing energy technology, with 60 percent growth in 2007 alone.
- Wind power can play key role in addressing climate change and CO2 emissions, but it currently accounts for only 1 percent of the world's electricity consumption.

IFC prioritizes renewable investments because the industry in developing countries can:

- Play a critical role in driving costs down, making renewable energy sources more competitive with conventional energy and eventually achieving grid parity
- Reduce poverty by expanding access to affordable sources of electricity
- Foster infrastructure expansion
- Increase employment in the manufacturing and services supply chain supporting renewable energy generation
- Mitigate the impacts of climate change

IFC can help, with expertise as well as financing:

- IFC has been investing successfully in renewable technologies since 1989. IFC can support the establishment and/or expansion of manufacturing and service businesses in developing countries, and provide guidance to manufacturers seeking to establish themselves in developing countries. Through its Infrastructure group, IFC can also support the devel-



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- IFC has global experience in helping local and foreign investors navigate a complex and changing business environment. As a public entity working in the private sector, IFC is an ideal partner to investors in these circumstances.
- As the industry moves into the emerging markets, there are many opportunities for alliances between companies in industrial and developing countries. IFC has an unrivaled presence in most developing countries and the financial and technical expertise to assist in this process.

IFC's investment in renewables:

- ENN Energy Co Ltd, part of China's **XinAo Group**. IFC's debt and equity package will enable the company to produce latest-generation, thin-film-based solar photovoltaic modules on a large-scale basis for the first time, driving down production costs and stimulating the development of the local solar photovoltaic market. Thin-film solar PV modules are expected to account for 30 percent of all installations by 2015.
- **Moser Baer**, a diversified company in India that is the world's leading manufacturer of CD and DVD recordable discs. IFC provided a loan to support the company's expansion into solar photovoltaic cell and module manufacturing.