

Country - Poland

1. **Sponsors:** Financial strength is crucial. Commitment is greater if the project is essential to corporate strategy. An in-house contractor can tighten costs/schedules under competitive conditions. Capitalization of fees for services can provide incentive for success.
2. **Commercial real estate:** While hard costs are easier to control, attempt to control "soft" costs through negotiation. Consider optimizing lease commitment timing and fee structures by foregoing pre-leasing and tying agent compensation to total lease income.
3. **IFC role:** While it is more risky and uncertain, early entry into new markets can result in a greater positive developmental impact. As a "swing vote" shareholder, IFC can play a useful role in resolving shareholder disputes.
4. **Loan structure:** Off-take agreements must be sufficient to support debt service requirements for greenfield projects. Provisions requiring mandatory principle prepayments from free cash flow can protect lenders from market uncertainties and provide flexibility.
5. **Supervision:** Take advantage of "in-country" supervision whenever possible to oversee critical stages of project execution and start-up. Properly document and store the critical assumptions used for justifying IFC investment.
6. **Lenders' supervisors** can serve a critical role in restraining excessive capital expenditure.

The above lessons are based on 21 lessons from past IFC investments.
Last updated January 1999.