



**International  
Finance Corporation**  
World Bank Group

# IFC Products for Renewable Energy Projects



*Infrastructure and Natural Resources Department*

- PPA
- ROW
- IA
- COD
- FiT
- RPO
- REC
- DSCR
- DSRA
- ROFO

- DER
- TRA
- CPs
- DCR
- CTA
- SHA
- PFA
- GBI
- MMRA
- ROFR

# IFC & World Bank Group

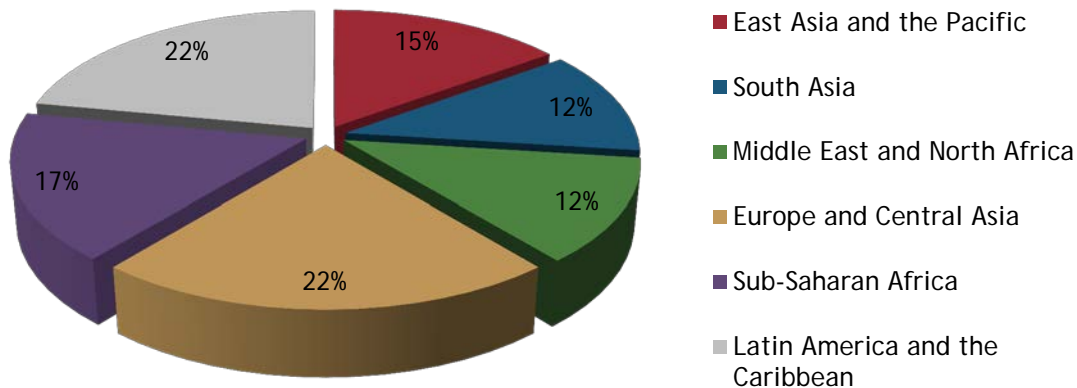
	IBRD International Bank for Reconstruction and Development Est. 1945	IDA International Development Association Est. 1960	IFC International Finance Corporation Est. 1956	MIGA Multilateral Investment and Guarantee Agency Est. 1988
<b>Role:</b>	To promote institutional, legal and regulatory reform	To promote institutional, legal and regulatory reform	To promote private sector development	To reduce political investment risk
<b>Clients:</b>	Governments of member countries with per capita income between \$1,025 and \$6,055	Governments of poorest countries with per capita income of less than \$1,025	Private companies in 184 member countries	Foreign investors in member countries
<b>Products:</b>	<ul style="list-style-type: none"> <li>Technical assistance</li> <li>Loans</li> <li>Policy Advice</li> </ul>	<ul style="list-style-type: none"> <li>Technical assistance</li> <li>Interest Free Loans</li> <li>Policy Advice</li> </ul>	<ul style="list-style-type: none"> <li>Equity/Quasi-Equity</li> <li>Long-term Loans</li> <li>Risk Management</li> <li>Advisory Services</li> </ul>	<ul style="list-style-type: none"> <li>Political Risk Insurance</li> </ul>

*Shared Mission: To Promote Economic Development and Reduce Poverty*

# IFC Overview

- Largest multilateral source of loan/equity financing for the emerging markets private sector
- Founded in 1956 with 184 member countries
- AAA-rated by S&P and Moody's
- Equity, quasi-equity, loans, risk management and local currency products
- Takes market risk with no sovereign guarantees
- Promoter of environmental, social, and corporate governance standards
- Resources and know-how of a global development bank with the flexibility of a merchant bank
- Holds equity in over 756 companies worldwide, 185 of which are funds

## Investments by region



## FY2013 highlights

Committed Portfolio*	\$49.6 billion
Committed in FY13	\$18.3 billion
# of Clients	Over 1700
# of Countries	Over 100

\*IFC's account only

# IFC Value Addition

## Long-term Competitive Financing

- ✓ Equity
- ✓ Fixed/Floating Rates on Loan, Local Currencies
- ✓ Up to 15 year Loan Maturity
- ✓ Flexible Amortization Profile
- ✓ Catalyst for other Investors and Lenders
- ✓ Equity Participation
- ✓ Capital Mobilization

## Regional Knowledge

- ✓ Extensive Local Office Network
- ✓ Local Transaction Experience
- ✓ World Bank Synergies

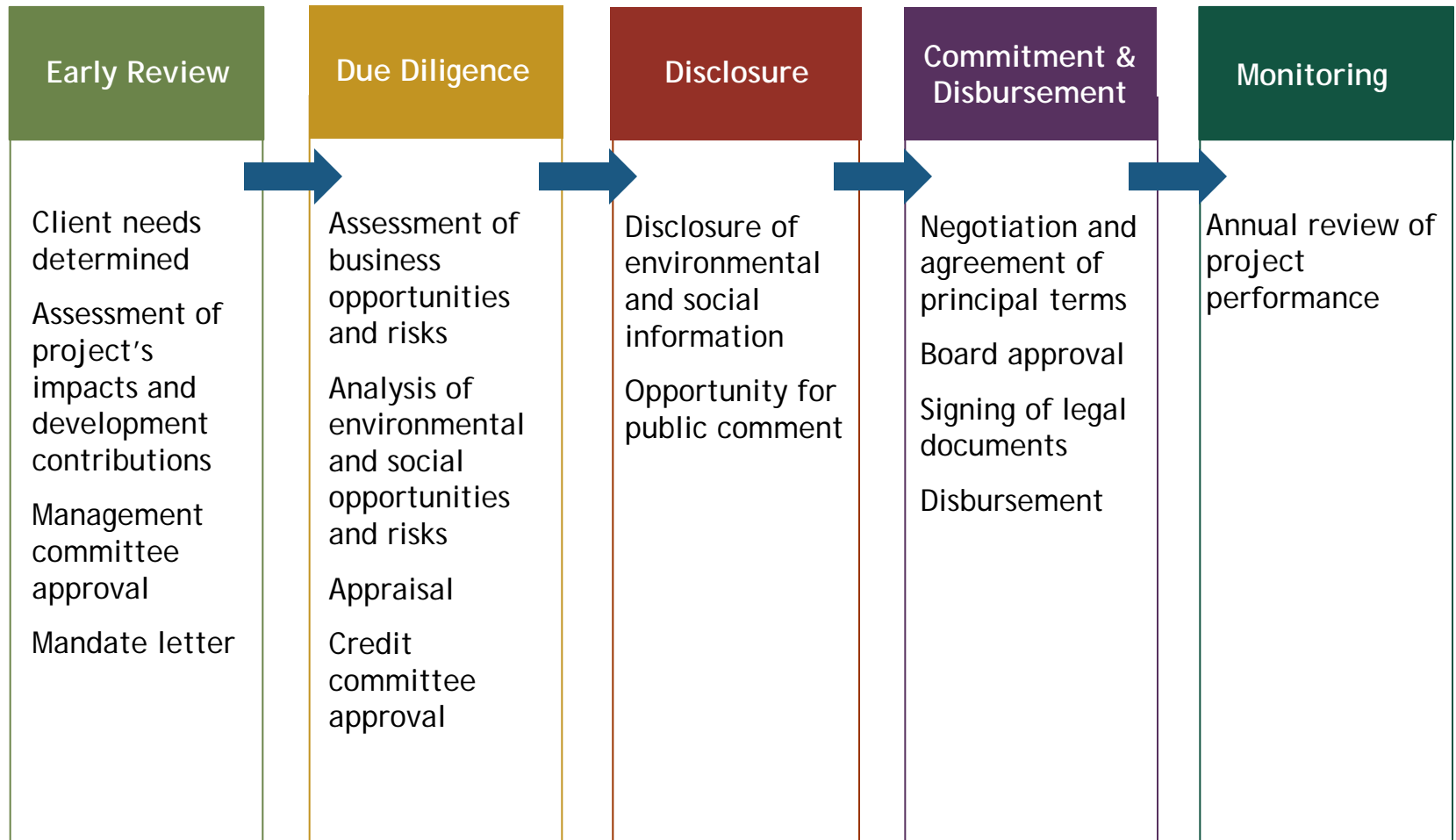
## Country Risk Mitigation

- ✓ Government Relations
- ✓ Neutral broker Role
- ✓ Reduced Risk of Expropriation, Breach of Contract, Convertibility

## Environmental & Social Risk Management

- ✓ Advice on Environmental and Social Best Practices
- ✓ Equator Principles Modeled after IFC Standards
- ✓ Local Consultation and Disclosure

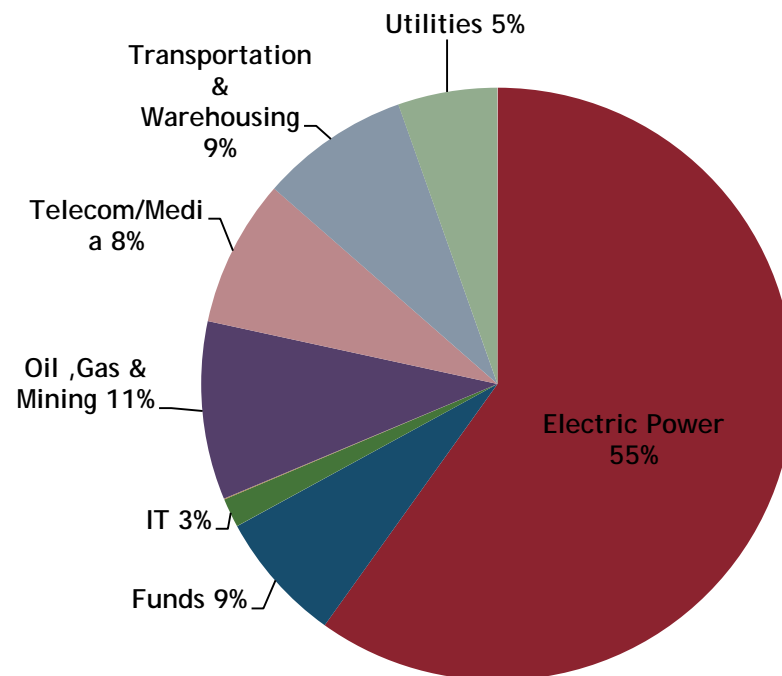
# IFC's Project Cycle



*IFC works on the specific timeline to meet client's needs*

# IFC Portfolio - Infrastructure & Natural Resources

- IFC's Infrastructure and Natural Resources global outstanding portfolio is US\$9.6bn
- In Asia, IFC's outstanding portfolio in infrastructure is over US\$2.3bn out of which about 21% is equity investment
- IFC is active in all infrastructure sectors in Asia with Power accounting for 55% of overall outstanding exposure



*Dedicated team of investment professionals & technical experts located across Asia. In-house environmental, social and legal experts*

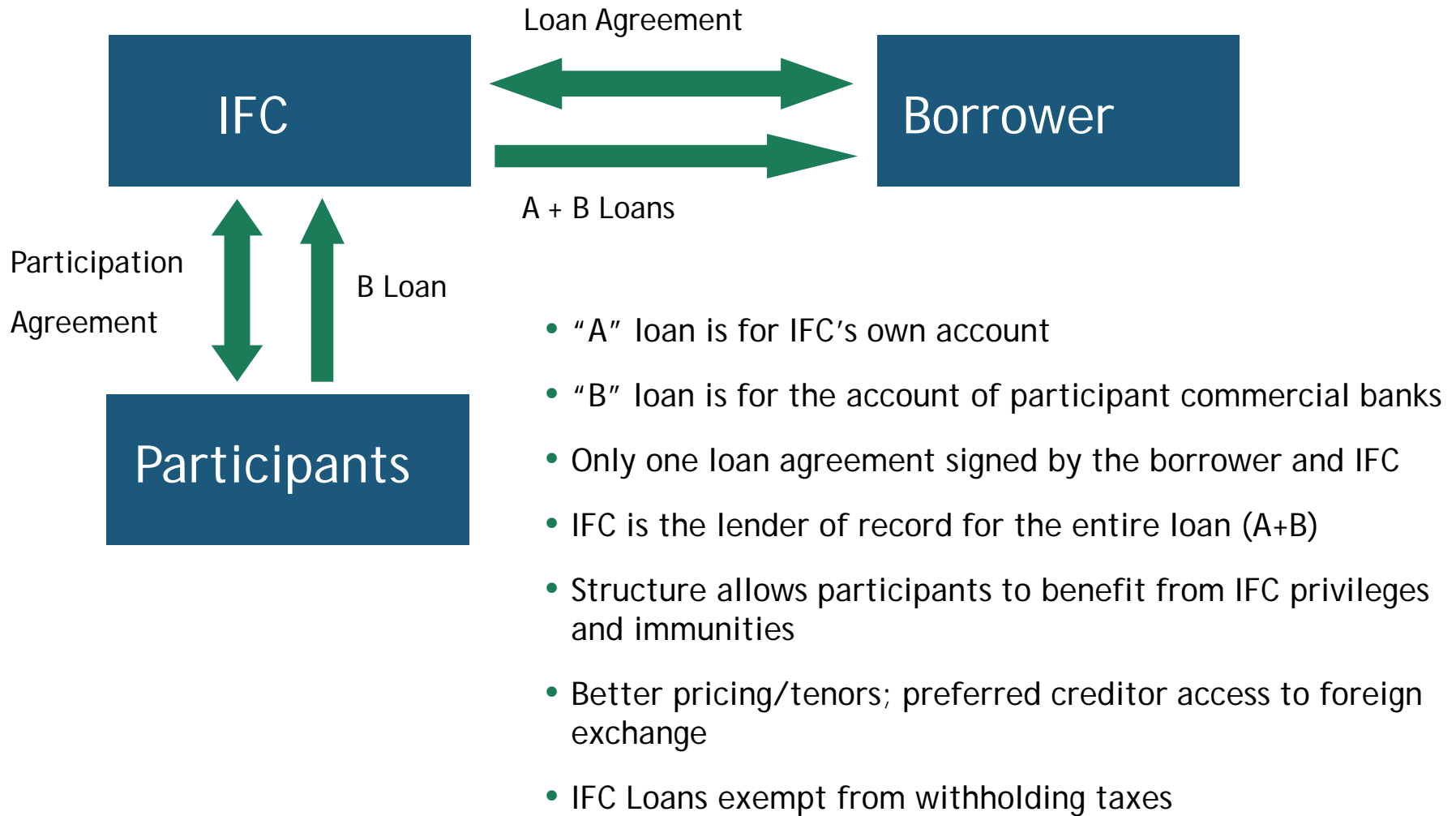
# IFC Financial Products - From Equity to Debt



- Corporate and JV
- Typically 5-15% shareholding (not to exceed 20% of total equity)
- Long-term investor, typically 6-8 year holding period
- Not just financial investor, adding to shareholder value
- Infraventures (early stage equity investments)
  
- Subordinated loans
- Income participating loans
- Convertibles
- Other hybrid instruments
  
- Senior Debt (corporate finance, project finance)
- Fixed/floating rates, US\$ and local currencies available
- Commercial rates, repayment tailored to project/company needs
- Long maturities up to 15 years, appropriate grace periods
- Range of security packages suited to project/country
- Mobilization of funds from other lenders and investors
- Co-financings, syndications, underwritings and guarantees
- [Concessional Financing]



# IFC Syndication “B-Loan” Structure - Mobilizing Financing



# IFC Asset Management Company (AMC)

Established in 2009 to manage third-party capital in a private fund structure

- Manages over US\$6 billion of assets under management
- A wholly owned subsidiary of IFC
- AMC provides investors with a unique platform to invest in IFC's proprietary transactions in emerging markets
- AMC's investors benefit from exclusive access to IFC's emerging markets deal origination capability and pipeline, on the ground footprint, investment resources, track record and proven risk management

## Key Milestones

<b>2009</b>	Establishment of AMC Launch of the IFC Capitalization Fund
<b>2010</b>	Build out of AMC's operations and teams Launch of IFC African, Latin American and Caribbean Fund Launch of Africa Capitalization Fund
<b>2012</b>	Launch of IFC Russian Bank Capitalization Fund Launch of IFC Catalyst Fund
<b>2013</b>	Launch of IFC Global Infrastructure Fund

# AMC's value addition

## VALUE ADD TO IFC

- **Increases universe of potential IFC transactions**
  - Increases potential investment size in \$ terms
  - 20% ownership guideline increased through AMC Fund participation
  - 25% company capitalization limit increased including AMC Funds
  - Tool for managing client/country/sector exposures
  - Potential for co-investment from Fund LPs
- **All investments follow IFC Policies, Procedures and Performance Standards**

## VALUE ADD TO CLIENTS

- **Increases available funding sources to clients**
- **Reduces transaction costs for clients as there is no need to seek additional investors with placement fees, legal fees, extra expenses etc.**
- **Unlocks new investor base**
  - Access to top institutional investors
  - Co-investment opportunities
  - Strategic relationships
- **Additional awareness and reputation in the global investment community**

# IFC Global Infrastructure Fund (GIF)

## Fund Size

- Second close at US\$1.05 billion (end-July 2013)

## Co-investment with IFC

- 50% of every eligible investment of US\$20m and over is offered to GIF

## Investors

- Diverse base of investors, including pension funds and sovereign investment vehicles from Asia, the Middle East and the UK, along with IFC

## Regions

- Global Emerging Markets

## Sectors

- Power, transportation, logistics and storage, utilities and pipelines, telecommunication, urban infrastructure, infrastructure service companies

## Investment Process

- Investment appraised and negotiated jointly and on the same terms
- Independent investment decision by the Fund's investment committee

# IFC Global Infrastructure Project Development Fund

## IFC InfraVentures

- A US\$150 million fund approved by the Board in 2007 with the mandate of providing early-stage capital to infrastructure projects in IDA countries and selectively in underserved areas of non-IDA countries
- For each project, IFC InfraVentures can invest up to US\$8 million
- Fund staff work proactively as co-developers of the project, alongside the lead sponsor
- In selected cases, InfraVentures may also lead project development as a surrogate sponsor, until a commercial sponsor can be found

## OBJECTIVES

- Increase funding sources to early stage companies
- Increase pipeline of bankable private infrastructure projects and PPPs
- Encourage private investments in infrastructure by sharing early stage risk with private sponsors

# Strong and Differing Role in Supporting Each Renewable Technology

	Hydro	Wind	Biomass	Solar	Geo
Characteristics	<ul style="list-style-type: none"> <li>Established and cost competitive technology</li> <li>Large hydros have long development time</li> <li>Dams offer base-load</li> <li>Potential for local E&amp;S issues</li> </ul>	<ul style="list-style-type: none"> <li>Established technology</li> <li>Economics site specific</li> <li>Variable generation</li> <li>Dependent on suitable regulatory support</li> </ul>	<ul style="list-style-type: none"> <li>Technology risk varies with fuel type</li> <li>Long-term access to low cost fuel essential</li> <li>Opportunities for co-firing and co-generation</li> </ul>	<ul style="list-style-type: none"> <li>Costs declining quickly</li> <li>CSP w/ storage offers potential for low cost base load</li> <li>Potential for grid and distributed generation</li> </ul>	<ul style="list-style-type: none"> <li>Established and cost competitive base load technology</li> <li>High exploration risks and long lead times to develop steam fields</li> </ul>
IFC Role & Comp. Adv	<ul style="list-style-type: none"> <li>Taking construction risk</li> <li>Providing long-tenors to match asset life</li> <li>Innovative bundling for small hydros</li> <li>Ensuring best practice E&amp;S</li> </ul>	<ul style="list-style-type: none"> <li>Supporting (i) projects in new markets &amp; new regulations; (ii) supply chain expansion to reduce costs</li> <li>Structuring to support intermittent generation &amp; merchant risk</li> </ul>	<ul style="list-style-type: none"> <li>Structuring fuel supply agreements to enable project finance</li> <li>Understanding technology risk</li> </ul>	<ul style="list-style-type: none"> <li>Supporting supply chain expansion to reduce costs</li> <li>Supporting projects in new markets and new regulatory regimes</li> <li>Coordinating concessionary funding to buy down costs</li> </ul>	<ul style="list-style-type: none"> <li>Early stage equity and concessionary funding to share exploration risk</li> <li>Sector expertise and innovative structuring to enable project financing</li> </ul>

# IFC Sample "Innovations" in Cleantech / Renewables



NSL Renewable Power Private Limited (NSL) is one of the largest renewable power producers in India with presence in wind, hydro and biomass sectors (US\$25 million equity & US\$18 million debt investment)



Azure Power (India) is an independent solar power producer and the first private sector company to implement a megawatt scale grid connected solar photovoltaic power plant in India (US\$12 million quasi-equity investment)



RenewGen is a developer focused on the waste to energy projects in and around South Asia. It has secured a project in Sri Lanka and bidding in India (\$2 million quasi-equity investment)



Azure Power solar panel installation in Gujarat, India