

### 24.6.4 International Finance Corporation (IFC)

IFC, an institution of the World Bank Group, promotes economic development by encouraging private sector investment activities in developing countries. With regard to PV financing, the IFC participates in several PV financing programs:

*Photovoltaics Market Transformation Initiative (PVMTI)*: PVMTI is an initiative of the IFC and the GEF to accelerate the sustainable commercialization and financial viability of solar photovoltaic-based energy services in India, Kenya, and Morocco. The IFC has designated Impax Capital and IT Power Ltd, both of the United Kingdom, as the external management team for PVMTI.

*Small and Medium Scale Enterprises (SME) Program*: This special unit of the IFC's environmental division makes small loans to entrepreneurial ventures and projects in the developing countries, and has made two financings in photovoltaics, in Vietnam and the Dominican Republic.

*Solar Development Capital (SDC)*: SDC is a 10-year, \$28.75-million fund that makes minority equity, quasi-equity, and debt investments in PV-related businesses in developing nations. SDC seeks to invest in companies involved in distribution, consumer financing or leasing, manufacturing, or other aspects related to accelerated PV use in rural areas.

*Solar Development Foundation (SDF)*: This is an approximately \$19 million nonprofit foundation that provides technical and business assistance to enterprises in preparation for larger-scale private investment, and can provide "seed" finance for business development activities on flexible terms.

*Renewable Energy and Energy Efficiency Fund (REEF)*: REEF was a pioneer financing fund focusing on renewable energy and energy efficiency projects and companies. As of November 2001, REEF was capitalized at a level of \$65 million of equity plus a debt facility from the IFC. The external management team was headed by Energy Investors Funds. REEF was disbanded in late-2002.

### 24.6.5 Global Environment Facility

The Global Environment Facility (GEF) has been a central source of funding for PV in the developing countries. Since 1991, the GEF has provided grant funding for 25 off-grid PV projects in 20 countries, all through the World Bank Group and the United Nations, accounting for about \$210 million of GEF allocation, and about \$1.4 billion in total project costs, as summarized in Table 24.3. Lessons learned from the GEF's early implementation experience are summarized in a formal review of the program, with several key conclusions (see Reference [23]):

- Local financiers should be encouraged to carry some of the credit risk, not simply act as administrative conduits, in order to increase postproject sustainability and replication.
- Small PV dealers face sufficient business and technology risks that they are reluctant to assume consumer credit risks and incur the costs of credit administration and collections.
- Microfinance may work well in countries that have well-established microfinance institutions, but NGOs do not necessarily have the commercial orientation or business skills for rapid delivery of credit. Scale-up and outreach can become problematic.