



# MARC'AS LAW

Intern. law · intern. business law · intern. commercial law  
economy and finance consultancy · agreement service

## I - HOW TO APPLY FOR FINANCING

IFC OFFERS A WIDE VARIETY OF FINANCIAL PRODUCTS FOR PRIVATE SECTOR PROJECTS IN DEVELOPING COUNTRIES.

To be eligible for IFC funding, a project must meet a number of criteria.

The project must:

- Be located in a developing country that is a member of IFC;
- Be in the private sector;
- Be technically sound;
- Have good prospects of being profitable;
- Benefit the local economy; and
- Be environmentally and socially sound, satisfying our environmental and social standards as well as those of the host country.

IFC does not lend directly to micro, small, and medium enterprises or individual entrepreneurs, but many of our investment clients are financial intermediaries that on-lend to smaller businesses.

## INVESTMENT PROPOSALS

A company or entrepreneur seeking to establish a new venture or expand an existing enterprise can approach IFC directly by submitting an investment proposal.

After this initial contact and a preliminary review, IFC may proceed by requesting a detailed feasibility study or business plan to determine whether or not to appraise the project.

IFC's project/investment cycle illustrates the stages a business idea goes through as it becomes an IFC-financed project.



## II - INVESTMENT PROPOSALS

There is no standard application form for IFC financing. A company or entrepreneur, foreign or domestic, seeking to establish a new venture or expand an existing enterprise can approach IFC directly. This is best done by reading how to apply for financing, and by submitting an investment proposal.

Proposals can be submitted to IFC's industry departments; regional departments at IFC headquarters in Washington; or the regional field office closest to the location of the proposed project.

An investment proposal should include the following preliminary information:

### 1. Brief description of project.

### 2. Sponsorship, management & technical assistance:

- History and business of sponsors, including financial information.
- Proposed management arrangements and names and curricula vitae of managers.
- Description of technical arrangements and other external assistance (management, production, marketing, finance, etc.).

### 3. Market & sales:

- Projected production volumes, unit prices, sales objectives, and market share of proposed venture.
- Potential users of products and distribution channels to be used.
- Present sources of supply for products.
- Future competition and possibility that market may be satisfied by substitute products.
- Tariff protection or import restrictions affecting products.
- Critical factors that determine market potential.

### 4. Technical feasibility, manpower, raw material resources & environment:

- Comments on special technical complexities and need for know-how and special skills.
- Possible suppliers of equipment.
- Availability of manpower and of infrastructure facilities (transport and communications, power, water, etc.).
- Breakdown of projected operating costs by major categories of expenditures.
- Source, cost, and quality of raw material supply and relations with support industries.
- Import restrictions on required raw materials.



- Proposed plant location in relation to suppliers, markets, infrastructure, and manpower.
- Proposed plant size in comparison with other known plants.
- Potential environmental issues and how these issues are addressed.

#### **5. Investment requirements, project financing, and returns:**

- Proposed financial structure of venture, indicating expected sources and terms of equity and debt financing.
- Type of IFC financing (loan, equity, quasi-equity, a combination of financial products, etc.) and amount.
- Projected financial statement, information on profitability, and return on investment.
- Critical factors determining profitability.

#### **6. Government support & regulations:**

- Specific government incentives and support available to project.
- Expected contribution of project to economic development.
- Outline of government regulations on exchange controls and conditions of capital entry and repatriation.

#### **7. Timetable envisaged for project preparation and completion.**

### **III - IFC PROJECT CYCLE**

The project cycle illustrates the stages a business investment goes through as it becomes an IFC-financed project.

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