

6.4 IFI Support and Financing

Canadian companies entering India should determine how their market entry strategies and on-going operations fit into, and can be supported by, programs and initiatives of International Financial Institutions (IFIs) such as The World Bank, the Asian Development Bank (ADB), the International Finance Corporation (IFC), and others.

As one of the largest developing countries in the world, India qualifies for a range of IFI programs, several of which are targeted on the environmental sector. The following examples highlight some IFI activities in the country.

- There is an existing World Bank fund operating through IREDA for the development of renewable energy which totals \$190 mn. The fund has been well subscribed and has been augmented since it was created.
- The International Bank for Reconstruction and Development (IBRD) and the International Development Agency (IDA) established a fund in 1995 consisting of both loans and credit lines totaling \$168 mn for industrial pollution prevention. The purpose of the fund is to improve the quality of urban environments.
- Sectoral or state specific IFI initiatives are also a factor to consider. World Bank programs support: soil reclamation in Uttar Pradesh (\$55 mn); Forestry Development and Education in Andhra Pradesh (\$116 mn); and, Forestry Management in Madhya Pradesh (\$58 mn).
- The World Bank has also played a major role in the water and wastewater area. It has supported major projects in Madras, Bombay, and Tamil Nadu.
- Through the Global Environmental Facility (GEF), India has received funds for the control of importation and substitution of products which use CFCs.
- ADB has a very active presence in India largely in providing project-based financing for individual ventures. This includes BOT (Build, Operate, Transfer) and BOOT (Build, Own, Operate, Transfer) infrastructure projects.
- The IFC is the biggest source of direct financing for private sector ventures in emerging economies. IFC tends to invest in companies rather than projects or establish loan/credit lines. It seeks to develop the private sector and is, therefore, important to the environmental sector for such things as privatization of facilities, energy efficiency, etc.