

# Overseas Private Investment Corporation

*OPIC: Mobilizing America's  
private sector...making a  
difference.*

# What is OPIC ?

- Fosters economic development in new and emerging markets.
- Helps U.S. businesses invest overseas.
- Complements the private sector.

# What does OPIC do?

- Offers long term financing and/or political risk insurance to help U.S. companies compete in emerging markets and developing countries.



# Strategic Markets

- Mexico
- Russia and former Soviet states
- South Eastern Europe
- “Front line” countries – Pakistan, Afghanistan, etc.
- African continent

# Strategic Sector – Housing

- Highly developmental sector – social and economic
- Diverse experience and deep capital base in U.S. have export potential (yet to be fully exploited)
- Great need for housing construction and finance around the world
- Properly managed risk generates good returns

# How does OPIC add value?

- Brings in low cost, long term capital
- Attracts technical capacity with strategic partners
- Risk sharing builds base of experience for commercial entities to develop
- Full faith and credit of U.S. gives comfort to investors and credibility to project.

# Eligibility for OPIC Support

- OPIC supports projects that are:
  - Financially sound and benefit host country.
  - Foster private initiative and competition.
  - Meet policy objectives for environment, worker rights, U.S. effects
  - Include required level of U.S. investor participation

# Significant U.S. Participation

- Equity contribution/ownership (25%)
- Lender
- Guarantor
- Investor (bonds)
- U.S. materials or services utilized
- Long term services contract



# OPIC Products

- Political risk insurance
- Direct loans (small businesses)
- Investment guarantees (funding)
- Commercial risk guarantees
  - Lending institutions
  - Other entities
- Investment Funds

# What is OPIC Political Risk Insurance?

- Insures U.S. investors against political violence, expropriation of assets by foreign governments, and the inability to convert local currencies into U.S. dollars.

# Who is eligible for Political Risk Insurance?

- U.S. citizens
- U.S. businesses over 50% U.S. owned
- Foreign corporations at least 95% U.S. owned.
- Investment in countries with bi-lateral agreement

# What is OPIC Finance?

- Provides financing through direct loans and loan guaranties for medium and long term private investment – ranging from \$100,000 to \$250 million.



# Who is eligible for OPIC Finance?

- Organizations with at least 25% U.S. equity ownership
- Commercially viable business
- Limited government participation (<50%)
- Direct loans for small business only

# Terms and Conditions of OPIC

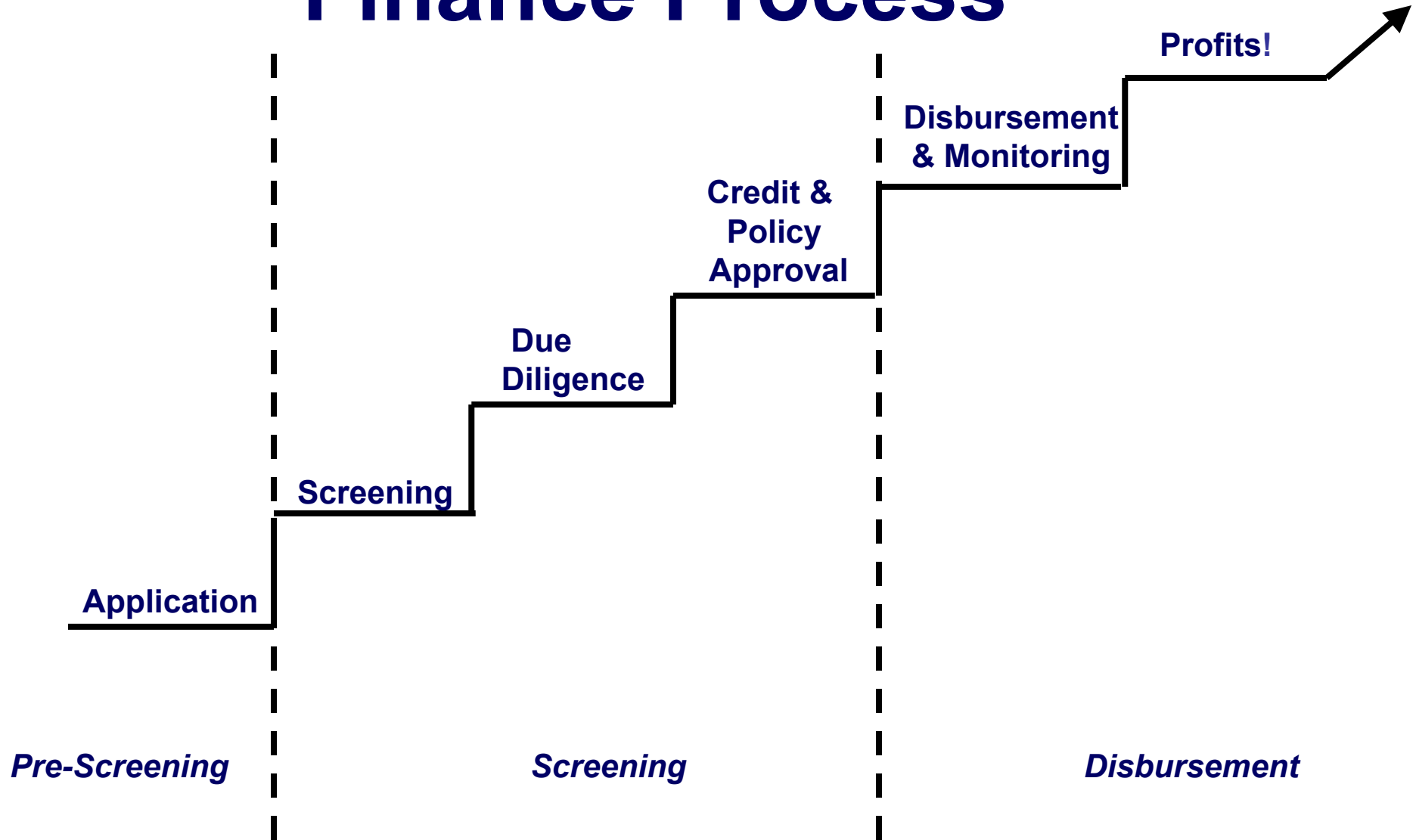
- Final maturity of **Finance** 15 years.
- Loans up to \$250 million per project
- Typically require 60% debt to 40% equity.



# Pricing

- Direct loans are priced at a spread over U.S. Treasury constant maturity (based on loan tenor)
- Investment guaranties are priced based upon capital market demand for OPIC paper
- Commercial risk guaranties require guaranty fee of 2-8% per annum, based on risk profile of the project

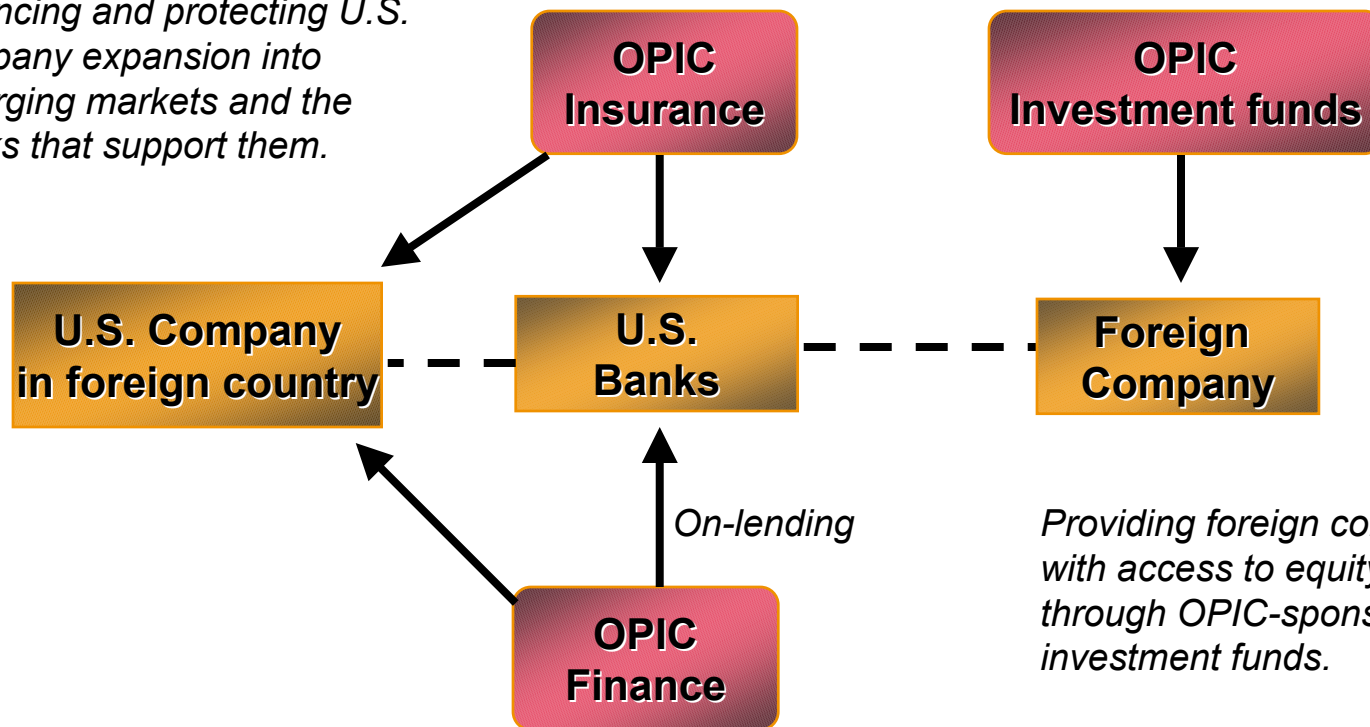
# Finance Process





# How can OPIC partner with investors?

*Financing and protecting U.S. company expansion into emerging markets and the banks that support them.*



*Providing foreign companies with access to equity capital through OPIC-sponsored investment funds.*

# Capital Markets Programs

- Political risk insurance to exceed sovereign ceiling for rating
- Credit wrap to backstop structured finance credit enhancement
  - We can support an issue targeted to local investors

# GOVERNMENT SUPPORT OPIC MODEL



## MARKET PERCEPTION

OPIC stands between the capital market and mortgage providers

OPIC adds enhancement to sovereign risk

## CREDIT RISK TO OPIC

Sovereign credit risk

Local Government Support for some default risk

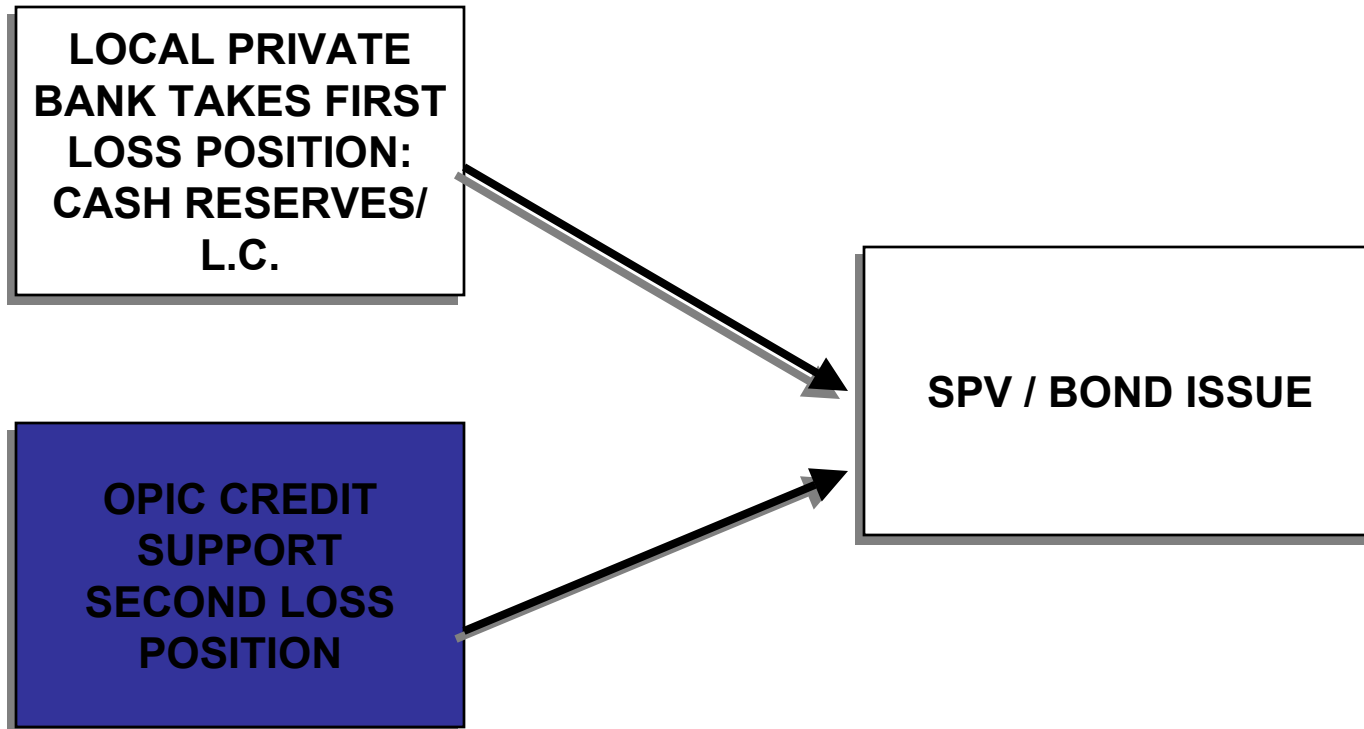
# PRIVATE BANK SUPPORT OPIC MODEL

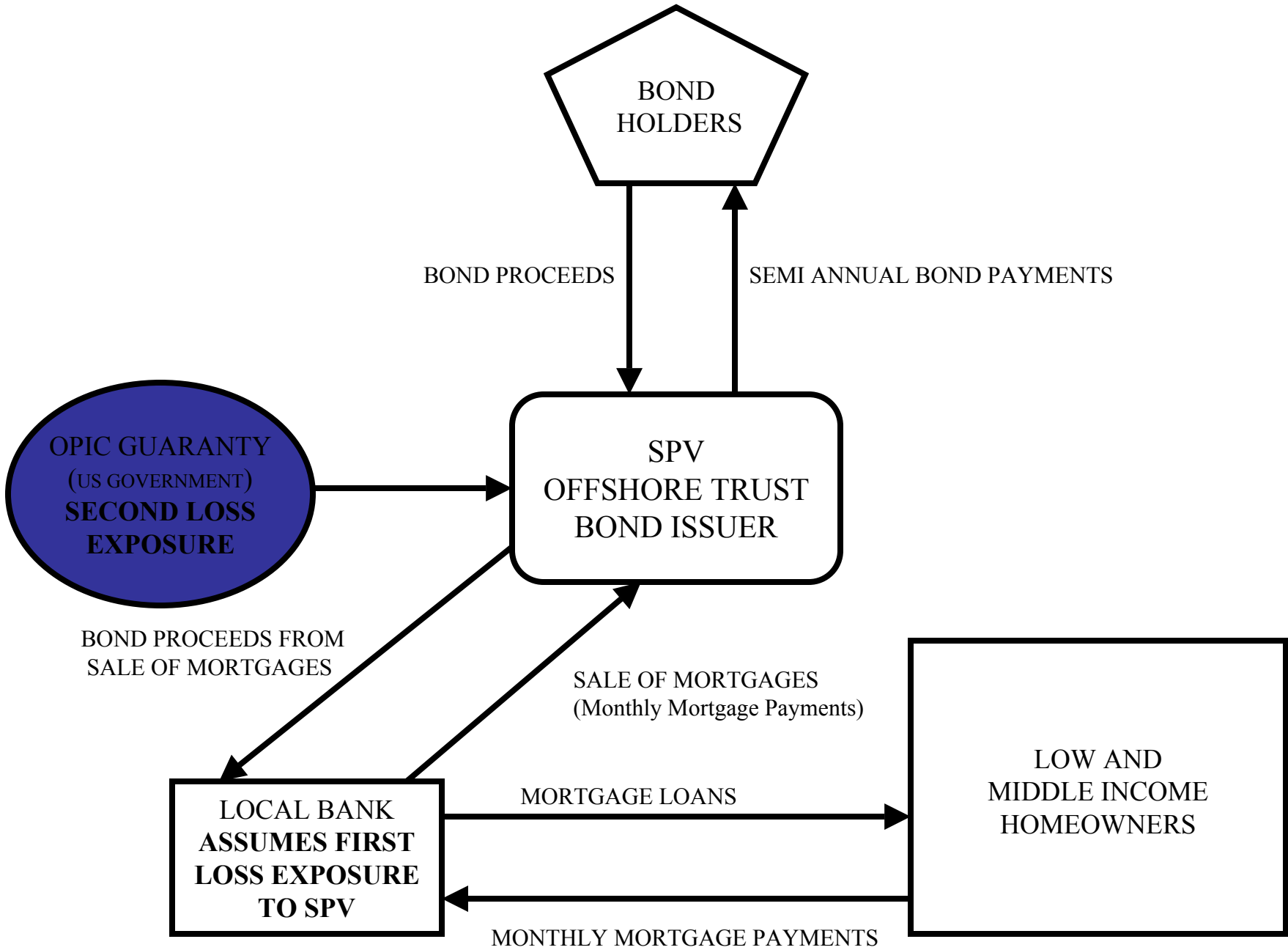
## MARKET PERCEPTION

Bank shares risk with OPIC

## CREDIT RISK TO OPIC

Bank takes an initial % of default risk





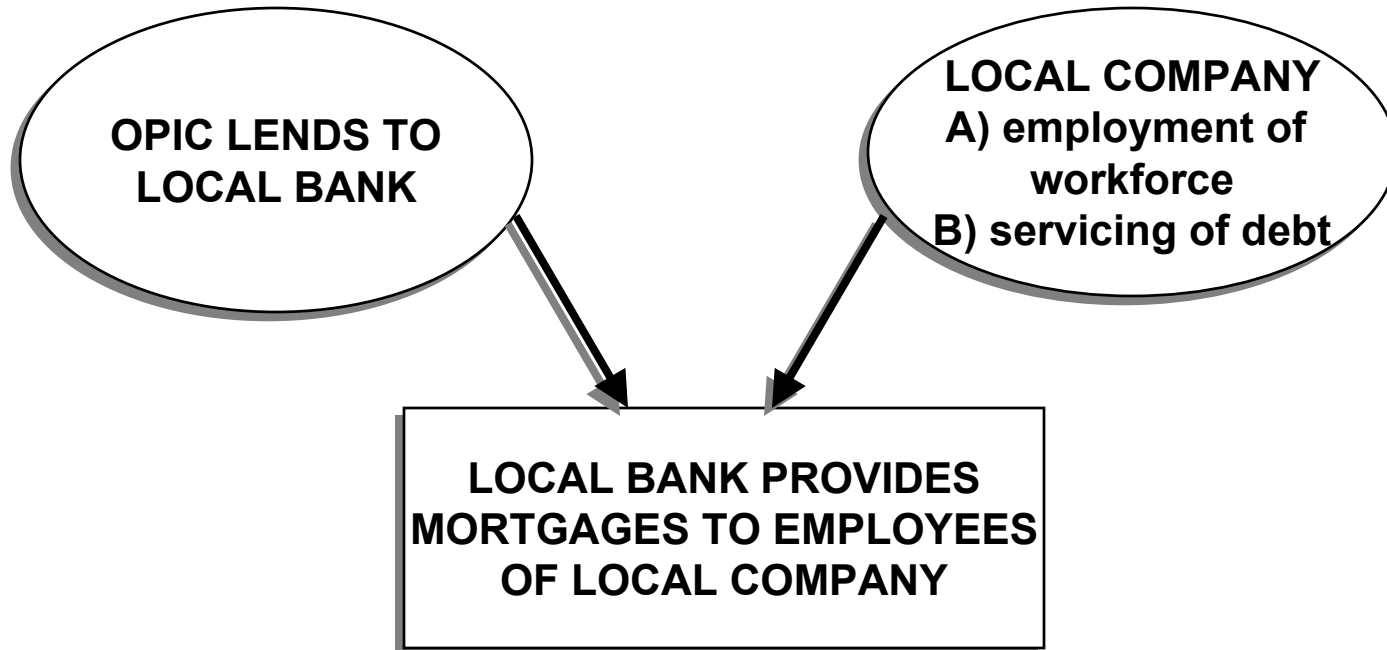
# Employer Assistance

## MARKET PERCEPTION

Involvement of company  
and link to employees  
reduces risk

## CREDIT RISK TO OPIC

Company risk



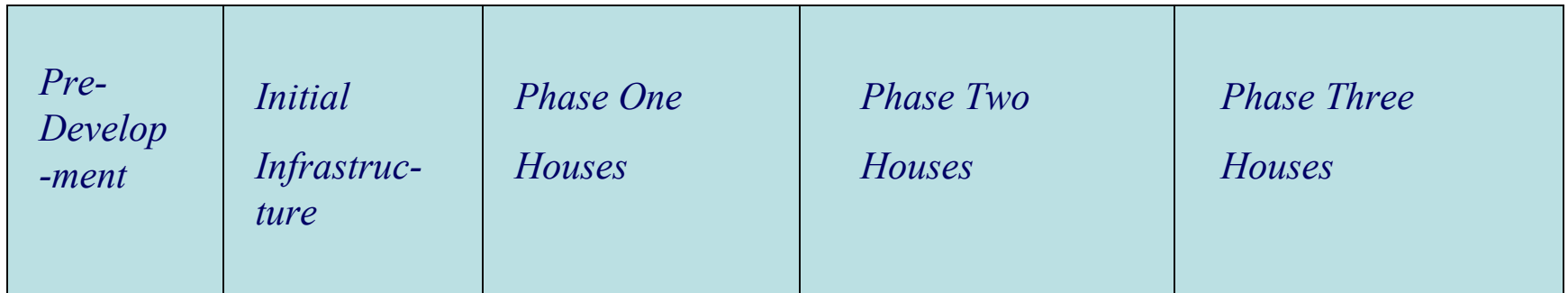
# Other applicable approaches

- On-lending facilities
- Direct loans to SPV for long term mortgage funds or warehousing of mortgages pending sale
- Construction finance
- Working capital for service or insurance entities (also back-up guarantees, reinsurance)

# Construction Finance

## example

*Project Timeline*



**OPIC Finances 60 – 70% of these costs, for 3 to 5 years**

**Infrastructure 25% of total**

**Pre-development actual costs**



# Issues to remember

- Currency risk – OPIC is dollar lender
- Fixed rate, medium/long term financing
- Must have U.S. partners “at risk”
- Bi-lateral agreements and honoring of international arbitration
- Developmental effects and policy concerns
- The timing is good – housing is high priority, so let’s talk!!

# Overseas Private Investment Corporation

*For more information about OPIC:*

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