Introduction to OPIC

American Chamber of Commerce

Ho Chi Minh City

September 18, 2018
As the U.S. Government’s development finance institution, OPIC mobilizes U.S. private capital to help address critical development challenges and in doing so, advances U.S. foreign policy and national security priorities.

OPIC currently manages a $23 billion portfolio of projects in more than 90 countries and operates on a self-sustaining basis at no net cost to the American taxpayer.
Our Solutions

OPIC offers innovative financial solutions to support private investors including debt financing, insurance, and support for private equity investment funds.

**Products**

**Debt Finance**
- Long-term project or corporate finance for private sector, commercial projects
- Loan amounts up to $350M per project
- Specific programs for providing finance to small-and-medium-sized enterprises

**Political Risk Insurance**
- Protection against currency inconvertibility, expropriation and political violence, including terrorism and other specialized coverage (eg. BOC)
- Policy coverage up to $350M per project, up to 20 year term
- Fixed premium, cancellable only by insured

**Investment Funds**
- Senior debt for private equity funds selected by competitive process
- Investment decisions made independently by selected fund managers
- Provide up to $250M with bullet repayment, zero coupon structure

**Current* Portfolio**

Based on a $29B Statutory Capacity

- **$23.2 BILLION**
- **$16.3** Debt Finance
- **$4.1** Political Risk Insurance
- **$2.9** Investment Funds

*September 30, 2017

The U.S. Government’s Development Finance Institution
Our Impact

Clients that OPIC currently supports are producing significant sustainable economic development results* across a number of sectors.

- **Agriculture** projects are sustaining livelihoods for nearly one million small holder farmers.

- **Energy** projects are expected to generate more than 3.5 gigawatts of electricity in the developing world – the equivalent of the power demand of roughly three million U.S. homes.

- **Healthcare** projects are treating patients at a rate of more than seven million patient visits per year – in both small clinics and large hospitals.

- **Education** projects are educating more than 120,000 students in primary and secondary schools, and more than 25,000 students in higher education.

- **Housing** projects have constructed affordable homes for over 60,000 homeowners and have provided more than 200,000 home mortgages, the majority of which are first-time homeowners.

- **Water** infrastructure projects are producing over 150 billion liters of water each year, the equivalent of more than 260 billion bottles.

- **SME** and microfinance clients are providing access to finance to over 10 million SME and microfinance borrowers.

- **Renewable energy** projects in solar, wind, geothermal, and biomass will avoid over five million tons of CO2 annually as an alternative to fossil fuels.

*September 30, 2015
Our Clients and Partners

OPIC coordinates with other U.S. government agencies and international partners to provide financing and risk mitigation products to a wide range of clients.

### Current Clients
*Small/Medium Businesses and Multinationals*

- SAMBAZON
- d.light
- SUNPOWER

### Strategic Partnerships

#### U.S. Government
- Departments of State, Commerce, and Treasury
- USAID & USTDA
- Millennium Challenge Corporation
- Ex-Im Bank and SBA

#### Development Finance Institutions
- Other DFIs (CDC, FMO, DEG)
- IFC and MIGA
- Regional Development Banks (IDB, ADB, AfDB, EBRD)

#### Other Partners
- U.S. Chambers of Commerce
- AmChams
- NGOs
- Financial Institutions

The U.S. Government’s Development Finance Institution
Our Policy Standards

Investors and project proposals must satisfy certain policy criteria to receive OPIC financing and insurance.

Eligibility Criteria for Investors

To be eligible for OPIC financing and insurance, applicants must:

- Have a **commercially viable business plan** and successful track record
- Involve the U.S. private sector in a meaningful way in the project seeking OPIC support
- Maintain **private sector control** (<50% government ownership)
- Confirm that commercially viable private sector financing or insurance is not already available for the project

Policy Standards for Projects

**OPIC supported projects must:**

- Contribute to **sustainable development**
- Be located in one of our approximately 160 **eligible countries**
- Comply with **international best practices** regarding environmental and social impact
- Support **internationally recognized worker** rights
- Cause **no loss of U.S. jobs** or adverse impact on the U.S. economy
OPIC policy requires that finance and direct insurance projects have a meaningful connection to the U.S. private sector.

How Does OPIC Define U.S.?
• A U.S.-organized entity generally must be at least 25% U.S.-owned.
• A foreign organized entity generally must be at least majority U.S.-owned.

How Does OPIC Measure U.S. Involvement?
• OPIC requires U.S. involvement in the project company in an amount that is equivalent to 25% of the project company’s equity, which may be met with equity, long-term debt or other U.S. contracts or, by combining these types of involvement.
• OPIC will support investment funds if the fund has raised U.S. equity equal to 25% of OPIC’s loan support or if the fund is managed by a U.S. manager.

How Does OPIC Measure the Duration of U.S. Involvement?
• For an ongoing project, U.S. entities need to retain a 25% interest in the project through final disbursement of the OPIC loan. In the case of a start-up or ‘greenfield’ project, the U.S. entities need to retain a 25% interest through physical completion of the project.
• OPIC must approve any proposed transferee of the interest.

How Does OPIC Define U.S. Small Business?
• This is defined as a business with annual revenues during the last fiscal year of less than $400M; entities/individuals without revenues, net worth of less than $100M.
• Consistent with the U.S. Small Business Administration, OPIC also considers a business with 500 or fewer employees as “small.”
When Does OPIC Get Involved

OPIC brings investment capital – through financing, political risk insurance and private equity solutions – once private sector investors have determined a project is commercially viable.

**Themes of Involvement**

- **Fill in gaps where the private sector is unable to meet the needs of a project in order to make it sustainable**
- **Support only viable projects and thus not only provide the intended benefits to the host country but also ensure repayments to OPIC**
- **Work with host country government to confirm alignment of interests and development objectives**
OPIC Project Lifecycle

**SOURCING**  ▼  Clients and Partners; Interagency; Business Development

**PRESCREENING**  ▼  Statutory and Policy Eligibility; Additionality; Development Impact; Financial Viability

**APPLICATION**  ▼  Business plan; Eligibility of investor/project; Creditworthiness; Developmental Return; Investor/Management Experience/Track Record

**DUE DILIGENCE & POLICY REVIEW**  ▼  Credit and Risk Underwriting; Policy Review; Legal Review; Character Risk Due Diligence (CRDD)

**APPROVAL**  ▼  Vice President; Credit Committee/Evaluation Committee; Investment Committee and President & CEO; Board of Directors

**PROJECT CLOSE**  ▼  Finish CRDD, Legal and Policy Review; Negotiation and Execution of Commitment and Insurance/Financing Agreements; First Closing on Equity Raising (Funds); First Disbursement

**PORTFOLIO MANAGEMENT**  ▼  Ongoing monitoring of financial health, policy compliance, and development impact; Loan Repayment; Restructuring or Write-Off; Insurance Modifications and Claims;
Asia Pacific Office

OPIC’s regional office reflects a renewed focus on the region.

- **Opened in July 2014**: When the office was opened it was one of only two outside Washington.

- **Regional focus**: The OPIC office covers all emerging markets in Asia Pacific across all sectors.

- **USACEP**: The U.S. Asia Pacific Comprehensive Energy Partnership focused on clean and renewable energy, natural gas, markets and interconnectivity, and sustainable development.

- **Current exposure**: Asia comprises 17% of total OPIC exposure; approximately $1 billion is in Southeast Asia

- **Infrastructure**, energy, manufacturing, and microfinance and small business lending projects comprise much of this investment.

- **Vietnam**:
  - OPIC is currently supporting Australis Aquaculture and its sustainable barramundi farming business
  - OPIC is actively seeking to do more; sectors currently under consideration include energy, power, and education
Our Work in Asia Pacific

OPIC has tripled its recent portfolio in Asia and has been active in the region since 1970.

**Indonesia:** $120M loan to *UPC Sidrap* to support the development, construction, and operation of a 75 megawatt wind power facility in South Sulawesi, the first new renewable IPP in Indonesia.

**Myanmar:** $250M loan to *Apollo Towers* to expand telecom infrastructure across the country and bring essential telecommunications services to a larger portion of the Myanmar population by building more than 4,000 cell towers.

**Cambodia:** $155M in financing to *ACLEDA Bank* to support its expansion of its micro- and SME lending, including $30 million dedicated to women-owned SMEs.

**Philippines:** $2.5M in financing to *QuantumID Technologies* to invest in an air cargo management system which will improve the competitiveness and efficiency of the air cargo industry in the Philippines.

**Papua New Guinea:** $10M loan to *Digicel*, the country’s largest mobile telecom service provider, to expand its telecommunication services into underserved regions including rural areas of the country.

**Vietnam:** $5.4M loan to *Australis Aquaculture* to create the world’s largest sustainable Barramundi fish farm in Van Phong Bay. The venture specializes in sustainable and eco-friendly aquaculture and employs one hundred local workers.

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Indo Pacific Initiative

Strategic Partnerships with Japan and Australia

- MOUs signed with JBIC & NEXI of Japan
  - Infrastructure, energy & natural resources
  - OPIC officer temporarily stationed in Tokyo
- MOU signed with DFAT of Australia
  - Infrastructure, energy, natural resources & gender

Indo Pacific Forum, Washington DC, July 30, 2018

- Digital Connectivity & Cybersecurity
- Infrastructure Transaction & Assistance Network
- Asia EDGE-Enhancing Development & Growth through Energy
- Commerce - Access Asia
Resources & Contacts

Resources

• Review the website: www.opic.gov
• Review The Investor Screener
• Consult Small Business Guide: http://www.opic.gov/small-business
• Discuss your project with OPIC: info@opic.gov or +1 (202) 336-8400
• **Insurance:** Complete Form 50
• **Finance:** Complete Section 1a of Form 115
• Need assistance? Loan Originators: www.ednaccess.com

OPIC Contact

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