
An Overview of OPIC



The Overseas Private Investment Corporation

*Methane to Markets Ministerial Meeting
Washington, D.C. (November 15, 2004)*

What Does OPIC Do?

Self-sustaining government agency that enables U.S. businesses to succeed in emerging markets

Supports private sector growth in developing countries

- Most experienced provider of political risk insurance in the world
- Provides long term financing for U.S. businesses in emerging markets
- Brings equity capital to developing countries by supporting private equity investment funds



Why Do Businesses Use OPIC?

Access to Long Term Financing

Protect Your Investment

- **OPIC Political Risk Insurance**
- **OPIC Finance**
- **OPIC Investment Funds**

Backing of the U.S. Government

Attract Other Funding Sources



Minimizing the Risks



OPIC Political
Risk Insurance



OPIC Insurance - Benefits

Protects Your Investment

**Eliminates Risk of Unfair
Interference**

Flexible Programs
(new Small Business Center)

Facilitates Access to Credit



OPIC Insurance – Eligibility

Eligibility

- U.S. citizens
- Corporations, partnerships or other associations created under laws of the U.S., over 50% U.S. owned
- Foreign corporations at least 95% owned by U.S. citizens, corporations, or partnerships
- Other foreign entities 100% U.S. owned



OPIC Insurance–Terms

Terms

- Policy terms up to 20 years. Rates locked in.
- May be canceled by insured, but not by OPIC
- Maximum \$250 million coverage per project (no minimum requirements)
- 10% self-insurance requirement (except for third-party lenders or lessors)



OPIC Insurance–Coverage

Coverage

Inconvertibility: earnings, return of capital, principal and interest payments, technical assistance fees, and similar remittances on insured investments

Expropriation

- equity - book value of investment at time of expropriation
- loans - based on outstanding principal and accrued interest

Political violence: replacement cost of assets and income (up to 1yr) of destroyed assets



Maximizing the Opportunities



OPIC Finance - Benefits

Access to Scarce Capital

**Unique Terms and
Conditions**

Flexible Programs
(new Small Business Center)

**Promote Good Corporate
Citizenship**



OPIC Finance – Eligibility

Eligibility

- Commercially viable business plan and successful track record
- At least 25% U.S. equity ownership
- Limited government participation (<50%)



OPIC Finance – Terms

Terms

Loan term*

- Amortization from 3 to 15 years

Amount of OPIC participation*

- \$100k to \$250 million per project
- Up to 50%-65% of total project costs for new projects
- Up to 75% of total project costs for expansions

Pricing

- Fixed, dollar denominated rates based on U.S. Treasury plus spread.

Other fees

- Retainer, commitment, maintenance, and other may apply.

** Terms and leverage vary*



Elements of a Successful Project – The 5 E's

Total Project Costs = \$10 million

① 40% EQUITY = \$4 mill.

60% Debt = \$6 million

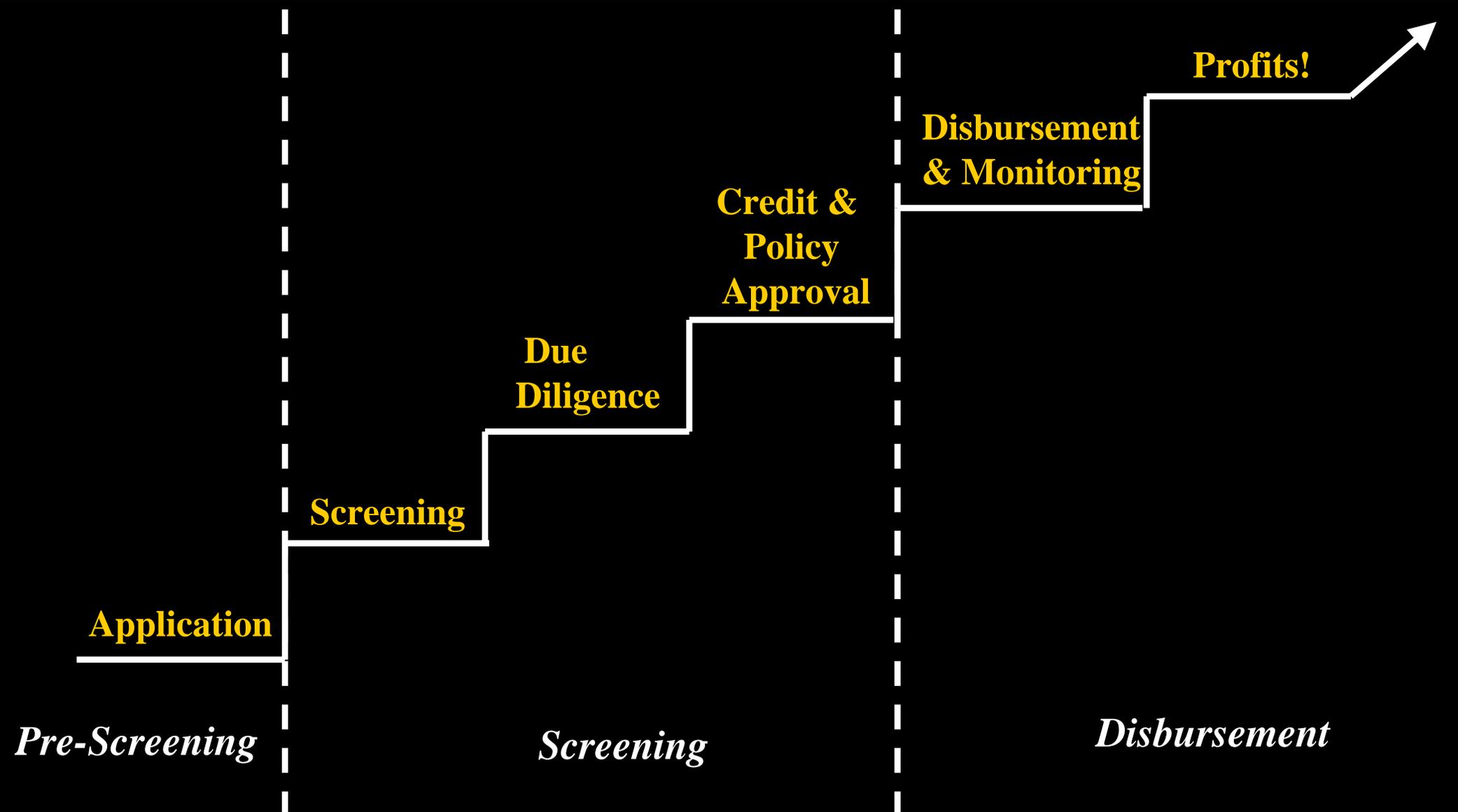
② 25% ownership by an **ELIGIBLE** U.S. investor

OPIC will consider financing 60% of the project if the project is:

- ③ **ENVIRONMENTALLY** sound
- ④ No negative U.S. **EFFECTS**
- ⑤ **ETHICAL** business practices



OPIC Finance Process



For more information, insurance and finance applications
and contact information, visit our website:

<http://www.OPIC.gov>



To discuss your project, please contact OPIC's
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