



Overseas Private Investment Corporation

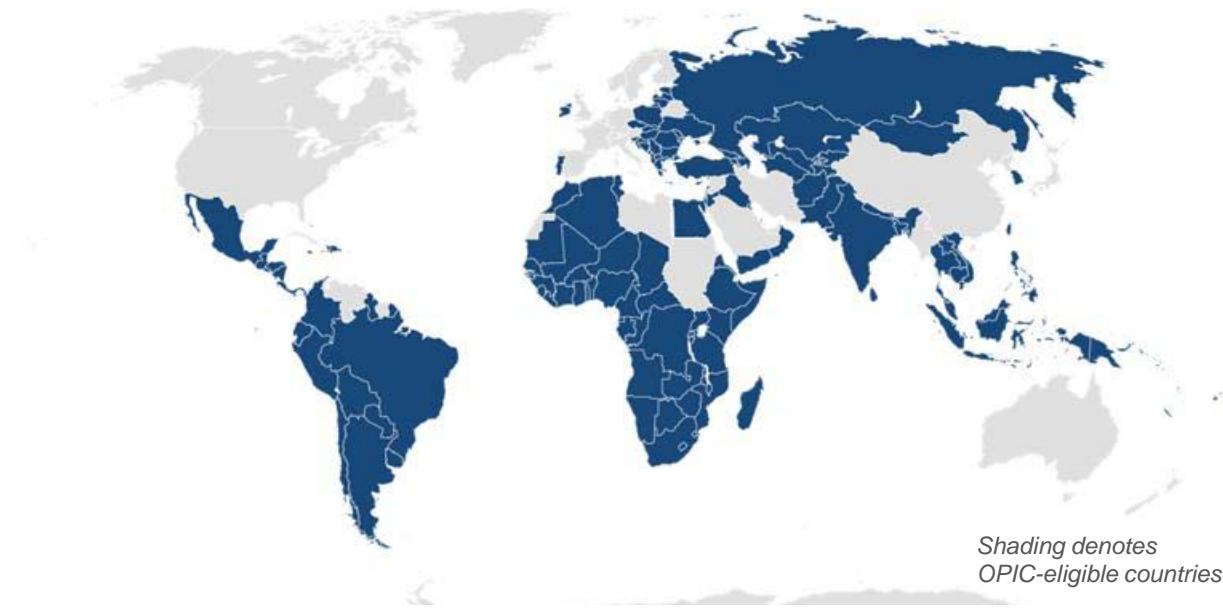
OPIC-GMI Webinar

April 13, 2011

*John Morton
Vice President of Investment Policy*

The Agency

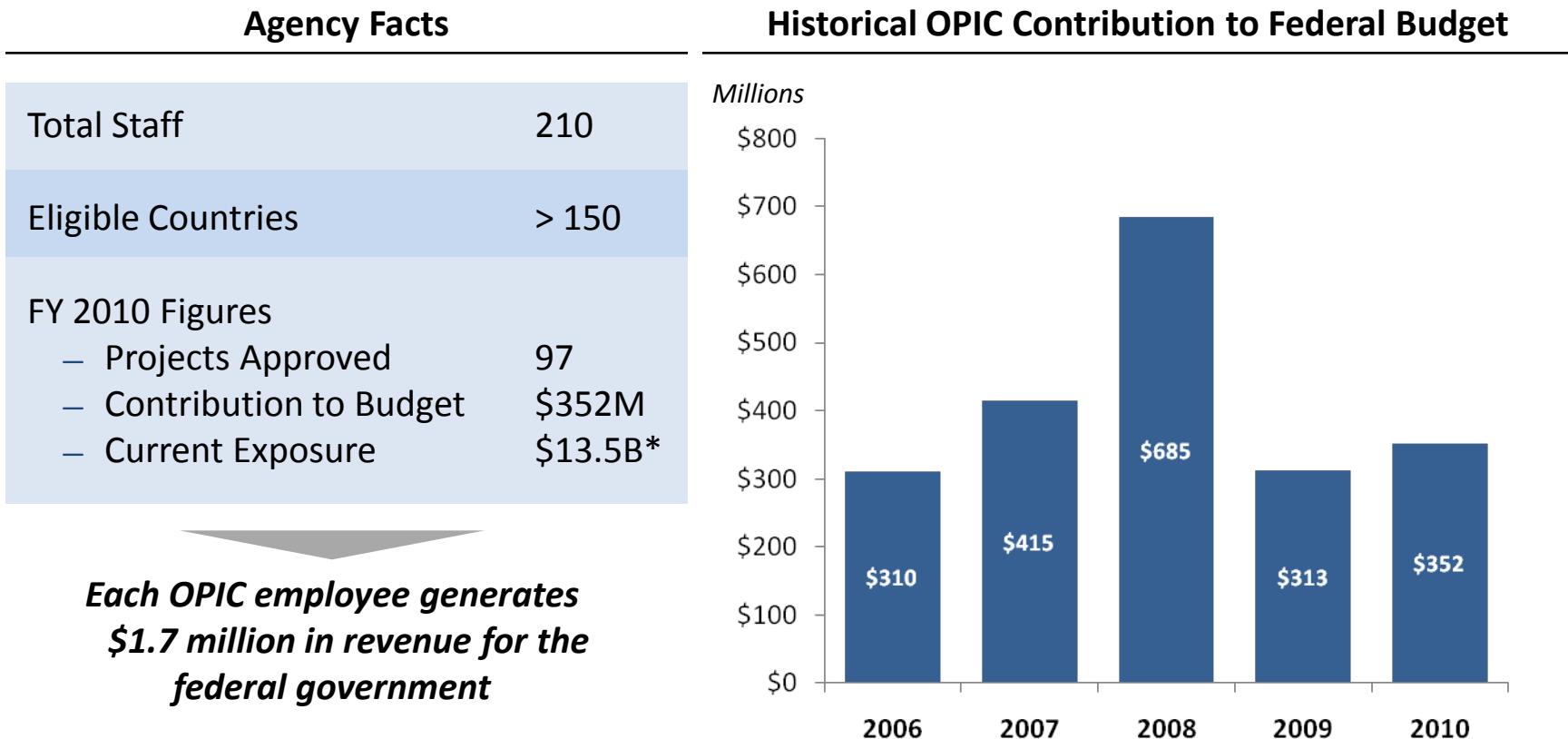
As the U.S. Government's development finance institution, OPIC mobilizes the participation of U.S. private capital to support sustainable economic development in emerging markets



OPIC currently manages a ~\$13.5B portfolio of projects in over 150 countries and operates on a self-sustaining basis *at no net cost to the American taxpayer*

OPIC By the Numbers

From 2006 to 2010, OPIC contributed over \$2 billion to the federal budget

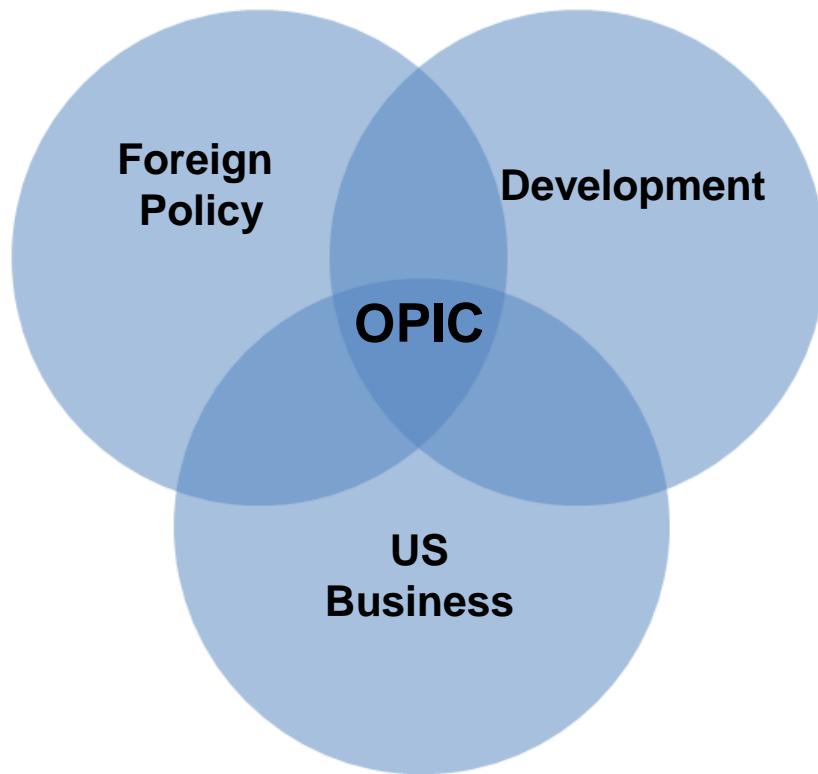


*As of December 31, 2010

Administration Development Priorities

OPIC is positioned to support the Administration's new development strategy

OPIC's Unique Position



Administration Priorities

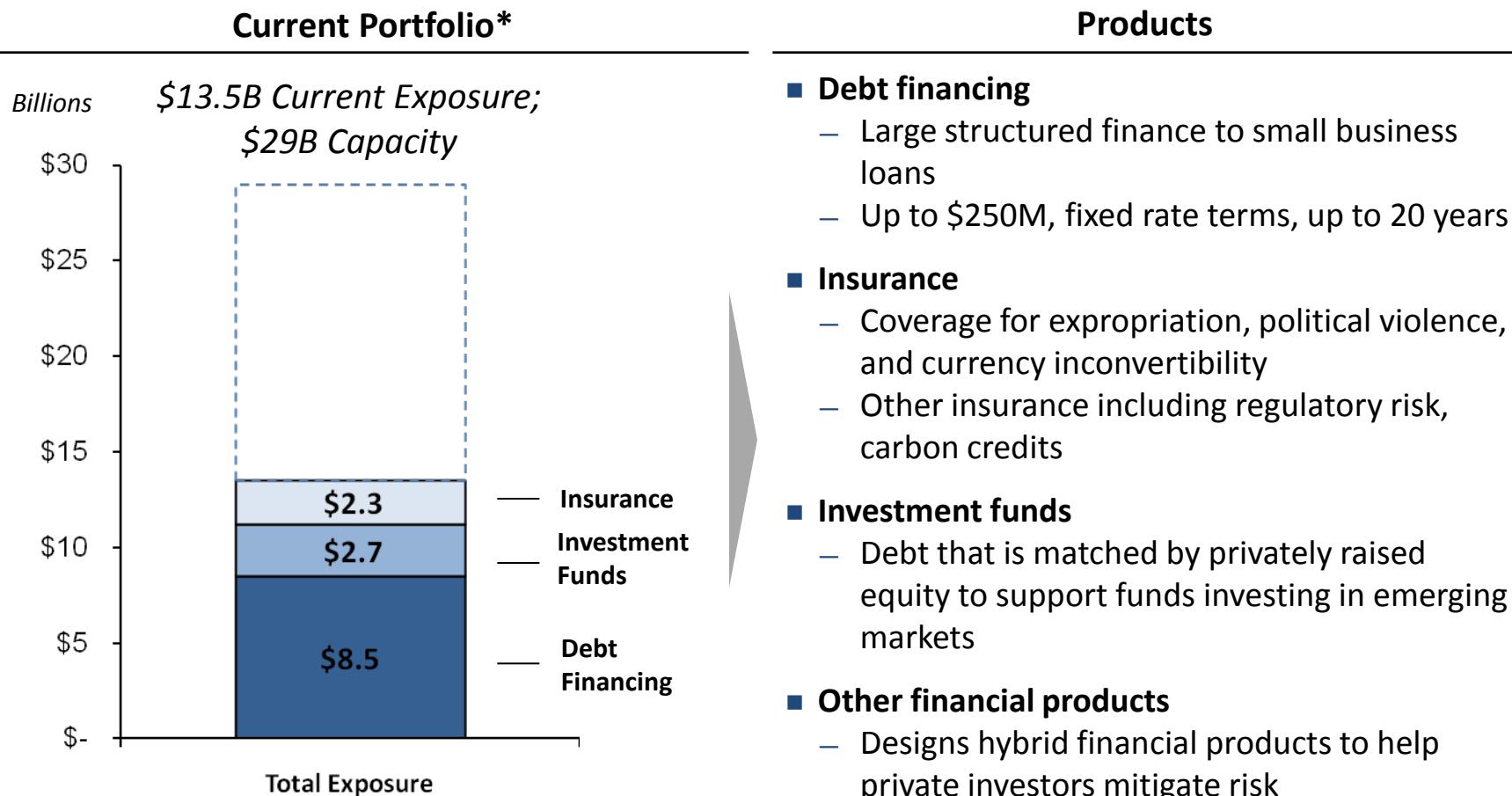
"We're changing how we define development...we need to harness all the tools at our disposal—from our diplomacy to our trade and investment policies."

~President Obama, 9/22/10

- Supporting broad-based, sustainable economic growth
- Proactively targeting specific countries, regions, sectors, and technologies
- Mobilizing private sector investment
- Elevating development as a central pillar of national security policy

OPIC's Current Portfolio

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



Our Policy Standards

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

Eligibility Criteria for Investors

To be eligible for OPIC financing, applicants must:

- ✓ Have a **commercially viable business plan** and successful track record.
- ✓ Have **U.S. ownership**:
 - Loans: Borrower must have 25% U.S. ownership
 - Insurance: Policy Holder must have >50% U.S. ownership
 - Funds: managed by a U.S. manager or involve U.S. equity investment
- ✓ Maintain **private sector control** (<50% government ownership)

Policy Standards for Projects

OPIC supported projects must:

- ✓ Be located in one of our **~150 eligible countries**
- ✓ Comply with international **environmental standards**
- ✓ Support international **human rights** and **worker rights** regulations
- ✓ Cause **no loss of U.S. jobs** or adverse impact on the U.S. economy
- ✓ Contribute to OPIC's **greenhouse gas policy** of reducing portfolio emissions by 30% of 2008 levels by 2018 and 50% by 2023.

Our Clients and Alliances

OPIC partners with other U.S. government agencies and international entities

Current Clients

Nonprofits and Impact Investors



SEAF

The Asia Foundation



Calvert



Multinationals and Small/Medium Businesses



National City
Now a part of

PNC



The Coca-Cola Company



An EDISON INTERNATIONAL® Company



Strategic Alliances

US Gov't

- Departments of State, Defense, Commerce, and Treasury
- USAID, MCC
- Ex-Im Bank, TDA and SBA

Development Finance Institutions

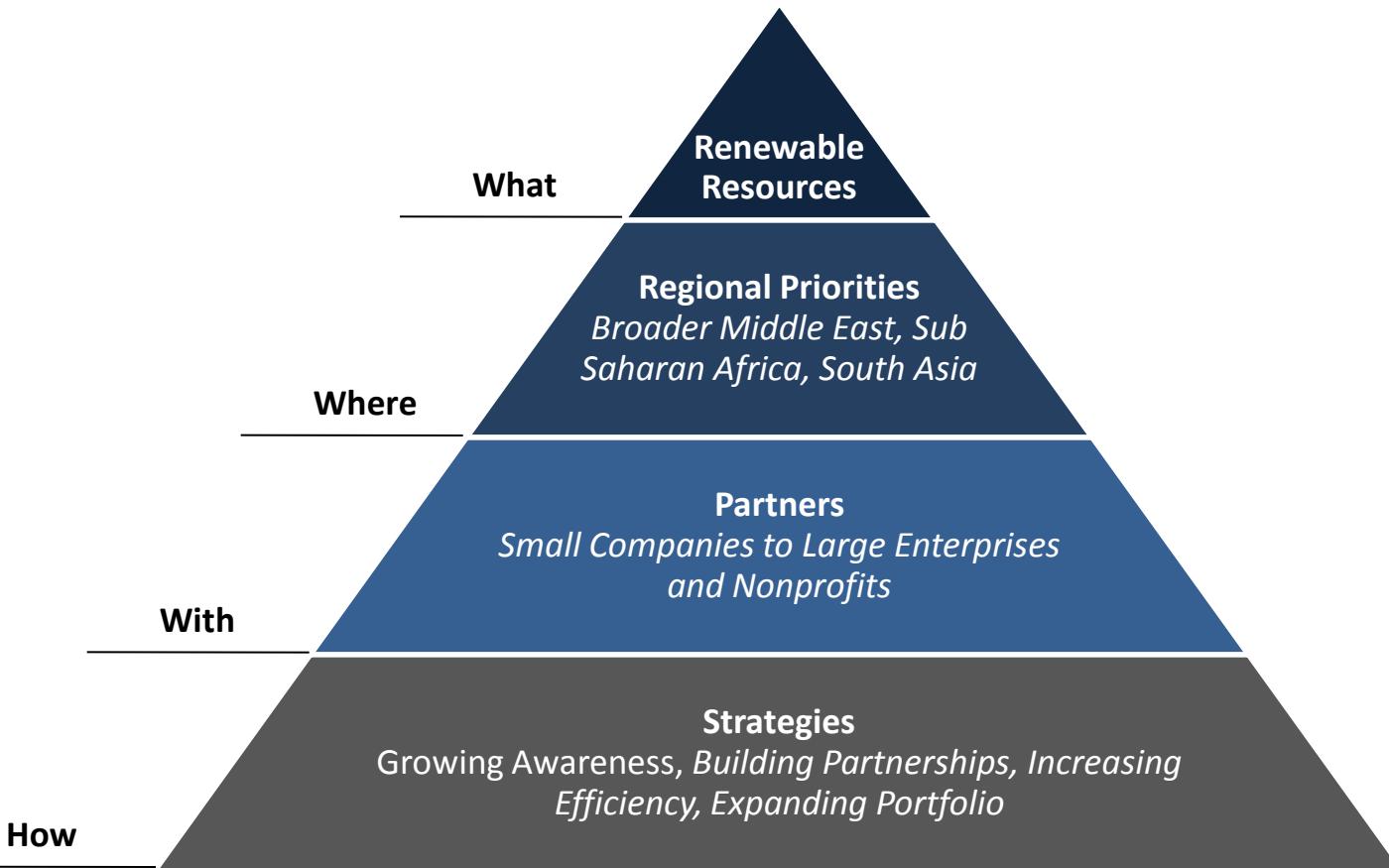
- IFC and MIGA
- Regional Development Banks (IDB, ADB, AfDB, EBRD)
- CDC, FMO, DEG

Other Partners

- Chambers of Commerce
- Impact Investors
- NGOs & Nonprofits
- Diaspora Investors

OPIC's Strategic Priorities

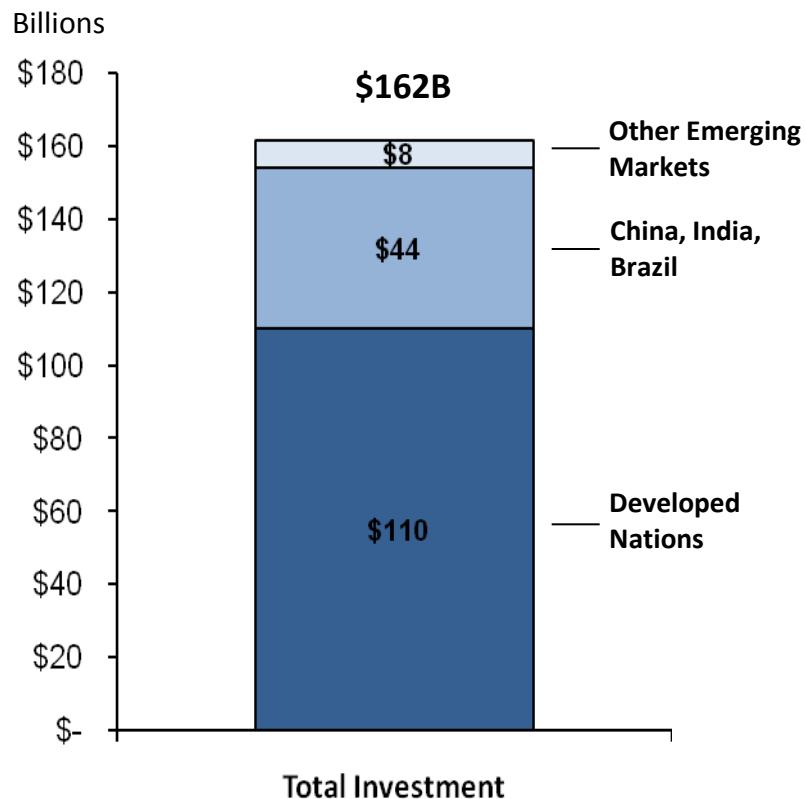
The Agency has a strong focus on Renewable Resources



Renewable Energy in Emerging Markets

Less than 5% of global investment in renewable energy occurs in emerging markets outside of China, India, and Brazil

Global Investment in Renewable Energy (2009)



Key Takeaways

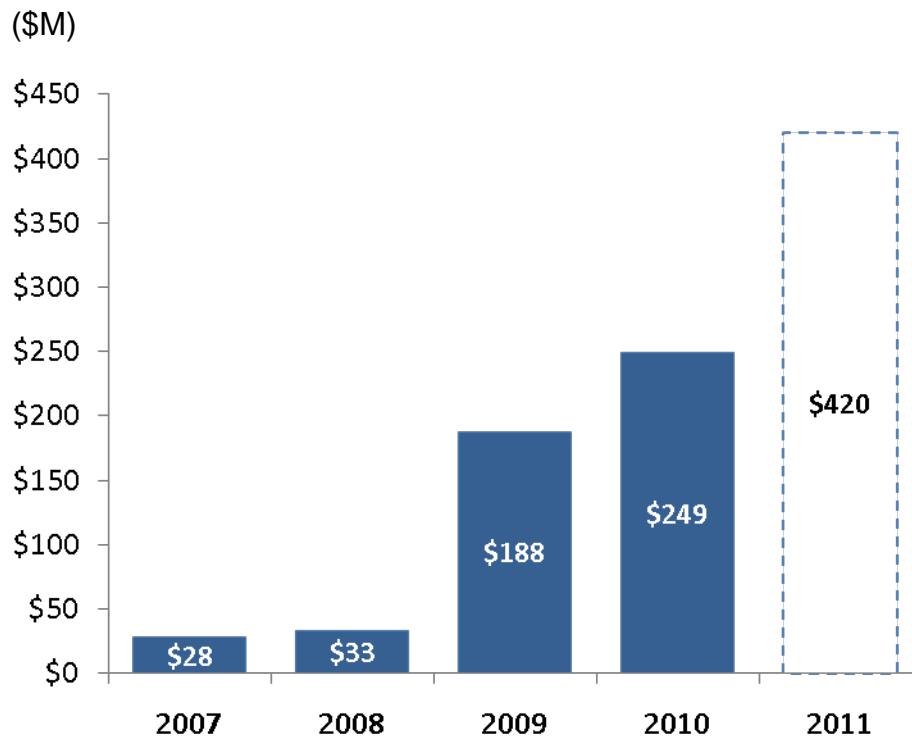
OPIC will target underserved markets

- Global investment in RE in 2009 was \$162B
- Total investment in RE in the emerging markets in 2009 was \$52B
- Of this amount, \$44B (85%) was invested in China, India, and Brazil
- All other emerging markets received \$8B (4.6% of global investment)
- OPIC must lend deeper into emerging markets since the private sector is virtually absent

Renewable Resources: Current Portfolio

Since 2007, OPIC has financed \$500M of projects in renewable resources and is forecasting commitments of \$420M for FY2011

Recent Renewables Commitments (2007 – 2010)



Drivers to OPIC's Portfolio Growth

- OPIC 2010 India conference and new business development lead in country
- Other sector-specific and regional conferences
- Cancun objectives
- Absence of private market lenders/insurers
- OPIC's reputation

Our Clients

Our clients seek to generate social, environmental as well as financial returns

Client	Social/Environmental Return	Financial Return
	<ul style="list-style-type: none"> ▪ First solar power plants in India connected to the grid ▪ Power more than 4,000 rural homes while eliminating as much carbon dioxide pollution as 535,000 trees do annually 	<i>Local Power Purchase Agreement (PPA) will provide revenue</i>
Mtkvari Hydro	<ul style="list-style-type: none"> ▪ 46 MW hyrdo facility in Georgia ▪ Assists Georgia in meeting goal of 100% electricity consumption from domestic hydropower plants 	<i>PPA</i>
	<ul style="list-style-type: none"> ▪ Sustainably harvest unproductive rubber trees from Liberian plantations for use as biofuel ▪ Biofuels form of renewable energy – project earns carbon credits 	<i>Revenue generated from carbon credits and export of biofuels product</i>

OPIC's Investment Funds

Project	Description	Size	Timing
Global Renewable Resources Call	<i>Invite qualified fund proposals focused on portfolio investments in the renewable energy, energy efficiency, and natural resources sectors.</i>	\$300M announced target	Call closed Feb. 18 th . Finalist interviews mid-March.
Impact Investing Call	<p><i>Catalyze and promote investments that have both a financial return and a social and/or environmental return.</i></p> <p><i>Broad focus: water and sanitation; education; healthcare; renewable resources; housing; financial services (SMEs and microfinance).</i></p>	TBD	Call launched on April 1. Open through mid-May

Renewable Resources: Product Innovations

The development of new products is based upon building off existing products

New Product	Description	OPIC Strengths
Energy Efficiency Sub-Debt	<i>Direct financing for Energy Efficiency improvements with repayments tailored to expected cost savings.</i>	<ul style="list-style-type: none"> • Working with SMEs • Processing small loan sizes
Energy Efficiency Facilities	<i>Financing US financial intermediaries to offer a financing package for Energy Efficiency improvements.</i>	<ul style="list-style-type: none"> • Understanding needs of financial intermediaries • Existing framework agreements
Leasing	<i>Lease financing through US renewable energy equipment vendors to reduce upfront capital costs to end users.</i>	<ul style="list-style-type: none"> • Deep leasing experience • Ability to diversify risk
Insurance on Breach of Carbon Credits	<i>Insurance to protect US investors from the actions of a foreign government impacting the ability to realize carbon credit revenues.</i>	<ul style="list-style-type: none"> • Experts in political risk underwriting • Ability to analyze regulatory frameworks and assess risk

Regulatory Risk Coverage

Product development is focused on risk mitigation in evolving carbon markets

- Foreign government changes to regulations that result in significant lost for the investor, but fall short of total expropriation. (OPIC Total Expropriation coverage already includes regulatory takings.)
- For renewable resources (i.e. energy, forestry, agriculture, water) projects, regulatory changes could include:
 - Material changes to feed-in tariffs;
 - Confiscatory taxation;
 - Revocation of licenses;
 - Regulations that impair an investor's ability to generate or sell carbon credits, such as interference with or prohibition of necessary data verification.
- Compensation would be based on the amount of lost business income, or, for carbon credits, the investment made to date and potentially lost business income from sales agreements.