Overseas Private Investment Corporation

OPIC-GMI Webinar

April 13, 2011

John Morton
Vice President of Investment Policy
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

<table>
<thead>
<tr>
<th>Agency Facts</th>
<th>Historical OPIC Contribution to Federal Budget</th>
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<tbody>
<tr>
<td>Total Staff</td>
<td>210</td>
</tr>
<tr>
<td>Eligible Countries</td>
<td>&gt; 150</td>
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<tr>
<td>FY 2010 Figures</td>
<td>Projects Approved: 97</td>
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<tr>
<td></td>
<td>Contribution to Budget: $352M</td>
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<td>Current Exposure: $13.5B*</td>
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*As of December 31, 2010

Each OPIC employee generates $1.7 million in revenue for the federal government

*As of December 31, 2010
Administration Development Priorities

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

OPIC’s Unique Position

- Foreign Policy
- Development
- US Business

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

Current Portfolio*

- **Debt financing**
  - Large structured finance to small business loans
  - Up to $250M, fixed rate terms, up to 20 years

- **Insurance**
  - Coverage for expropriation, political violence, and currency inconvertibility
  - Other insurance including regulatory risk, carbon credits

- **Investment funds**
  - Debt that is matched by privately raised equity to support funds investing in emerging markets

- **Other financial products**
  - Designs hybrid financial products to help private investors mitigate risk

*As of December 31, 2010

$13.5B Current Exposure; $29B Capacity
Our Policy Standards

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

<table>
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<tr>
<th>Eligibility Criteria for Investors</th>
<th>Policy Standards for Projects</th>
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<tr>
<td>To be eligible for OPIC financing, applicants must:</td>
<td>OPIC supported projects must:</td>
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- 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)

- 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**
- CHF International
- SEAF
- The Asia Foundation
- ACCION
- CHEMONICS
- Calvert

**Multinationals and Small/Medium Businesses**
- Citi
- GE
- National City
- PNC
- The Coca-Cola Company
- Edison Mission Energy
- Wachovia

## 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

What
Renewable Resources

Where
Regional Priorities
Broader Middle East, Sub-Saharan Africa, South Asia

With
Partners
Small Companies to Large Enterprises and Nonprofits

How
Strategies
Growing Awareness, Building Partnerships, Increasing Efficiency, Expanding Portfolio
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)

<table>
<thead>
<tr>
<th>Billions</th>
<th>Total Investment</th>
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<tr>
<td>$162B</td>
<td>Other Emerging Markets</td>
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<tr>
<td>$44</td>
<td>China, India, Brazil</td>
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<tr>
<td>$110</td>
<td>Developed Nations</td>
</tr>
<tr>
<td>$8</td>
<td>Developed Nations</td>
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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.

<table>
<thead>
<tr>
<th>Client</th>
<th>Social/Environmental Return</th>
<th>Financial Return</th>
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<tr>
<td><strong>Azure Power</strong></td>
<td>- First solar power plants in India connected to the grid</td>
<td><strong>Local Power Purchase Agreement (PPA) will provide revenue</strong></td>
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<td>- Power more than 4,000 rural homes while eliminating as much carbon dioxide pollution as 535,000 trees do annually</td>
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<td><strong>Mtkvari Hydro</strong></td>
<td>- 46 MW hydro facility in Georgia</td>
<td><strong>PPA</strong></td>
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<td>- Assists Georgia in meeting goal of 100% electricity consumption from domestic hydropower plants</td>
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<td><strong>Buchanan Renewables</strong></td>
<td>- Sustainably harvest unproductive rubber trees from Liberian plantations for use as biofuel</td>
<td><strong>Revenue generated from carbon credits and export of biofuels product</strong></td>
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<td></td>
<td>- Biofuels form of renewable energy – project earns carbon credits</td>
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## OPIC’s Investment Funds

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

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

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<tr>
<th>New Product</th>
<th>Description</th>
<th>OPIC Strengths</th>
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| Energy Efficiency Sub-Debt         | Direct financing for Energy Efficiency improvements with repayments tailored to expected cost savings. | • Working with SMEs  
• Processing small loan sizes |
| Energy Efficiency Facilities       | Financing US financial intermediaries to offer a financing package for Energy Efficiency improvements. | • Understanding needs of financial intermediaries  
• Existing framework agreements |
| Leasing                            | Lease financing through US renewable energy equipment vendors to reduce upfront capital costs to end users. | • Deep leasing experience  
• Ability to diversity risk |
| Insurance on Breach of Carbon Credits | Insurance to protect US investors from the actions of a foreign government impacting the ability to realize carbon credit revenues. | • Experts in political risk underwriting  
• Ability to analyze regulatory frameworks and assess risk |
Regulatory Risk Coverage

- 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.