



The Basics of Understanding the Overseas Private Investment Corporation (OPIC)

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Overview of OPIC Finance

- Loans from \$100,000 up to \$250 million per project
- Direct loans and investment guaranties
 - Direct loans available to U.S. firms with under \$250 million in sales or \$67 million in net worth
- Medium to long-term funding
 - Minimum 3-5 years
 - Up to 15-20 years
- Loan is a term loan based upon the estimated Total Project Cost (TPC)
 - 50-65% possible OPIC participation for a new venture
 - Up to 75% possible OPIC participation for an expansion in emerging markets of a successful existing operation



Total Project Costs

- Pre-investment/feasibility studies
 - Organizational expenses
 - Land and buildings
 - Construction
 - Equipment, machinery
 - Financing costs and Legal costs
 - Training and market development expenses
 - Start-up expenses, including initial losses
 - Adequate working capital
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=Total Project Cost (USD)



Underwriting Requirements

- **A solid business plan!**
- Financially and commercially-sound project producing an adequate cash flow to:
 - Pay all operational costs
 - Service all debt
 - Provide owners with adequate return on their investment
- 25% U.S.-ownership
- Sufficient equity
- Track record of success in the same or similar industry



Loan Structures

- The “Sponsor” and the “Borrower”
- Project finance
 - OPIC loan made directly to the overseas venture for the defined investment project
 - Repayment from project cash flows
- Corporate finance
 - OPIC loan made to the parent company, the proceeds of which are used to fund a defined investment project abroad



Loan Costs

- Cost of financing is based on OPIC's assessment of the risks involved and a U.S. treasury note
 - Base rate reflects like or similar termed U.S. Government debt instruments
 - Guarantee fee or risk spread is added
- Other costs include a facility, commitment fee, and an annual maintenance fee
- Outside legal counsel and the services of experts or consultants can also be charged



Collateral Requirements

- Security may consist of:
 - Perfected senior liens on fixed assets
 - Pledge of shares
 - Assignment of contracts
 - Escrow and other accounts
- Project Completion Agreement during project implementation
 - Certification of “completion” includes physical, legal, operational and financial tests

Repayment Terms

- Repayment schedule is based upon:
 - Purpose of the loan
 - Projected cash flows
 - Quarterly or semi-annual payments
 - Generally a suitable grace period on principal

The Application Process

- Contact OPIC to discuss your project with an OPIC representative (see “Checklist”)
- Prepare a brief executive summary of your business plan and submit for an information review.
- Prepare/update the full business plan (BP)
- Submit a finance application package



The Financing Process

- Submit completed application package
- Screening
- Due Diligence
- Credit Approval
- Commitment Letter
- Loan Documentation
- Disbursement
- Monitoring



For more information on OPIC:

Visit us on the web: www.opic.gov

Contact the Information Officer:

- Info@opic.gov
- 202-336-8799 (Hotline)
- 202-336-7949 (Fax)



Thank you for your interest in OPIC!