



OPIC Products

OPIC AND U.S. CONTRACTORS

OPIC's Finance Contractors Program

Innovative Solutions. Business growth increasingly is linked to a company's ability to expand overseas into emerging markets. OPIC is working to find new ways to help U.S. companies access these growing markets through its Finance Contractors Program.

Supporting U.S. Contractors

Often, the only thing standing between a U.S. contractor's bid and success is obtaining a bank guaranty that backs the contractor's performance commitment and proves his financial means. Yet, in many emerging markets, U.S. commercial lenders are not yet willing or able to provide the level of guaranties demanded. That's where OPIC comes in. OPIC, working with contractors and their lenders, guarantees repayment to U.S. financial institutions in the event that these guaranties, typically letters of credit and bonds, are drawn. By leveraging U.S. private capital, OPIC's Finance Contractors Program expands the ability of U.S. financial institutions to issue additional contractor guaranties, thus enhancing the liquidity available to contractors.

Who Benefits?

Contractors providing construction and/or services for a wide range of infrastructure, housing, medical facilities or farming projects that meet OPIC's requirements can benefit from this program. Services can include engineering, design, construction, turnkey, technical assistance and management. OPIC's Finance Contractors Program covers bid bonds, performance bonds and other guaranties posted by contractors and complements the political risk coverage offered to contractors by OPIC Insurance. U.S. contractors, especially small and medium sized businesses, with an established track record, demonstrated financial viability and the ability to establish a credit relationship with an issuing financial institution are eligible for the OPIC program. The financial institution associated with the guaranty should be a commercial bank, insurance company or other financial institution that offers bid and performance bonds and meets OPIC's eligible investor criteria. The project contract owner can be a host government, foreign government ministry or agency or an eligible local private sector company. Bid bond coverage is available for companies that have pre-qualified for the contract.

Coverage and Pricing

Up to 75 percent of the total amount of the related bid bonds, performance guaranties and/or advance payment guaranties posted by a contractor on a project contract can be covered by the OPIC guaranty, with financial institutions assuming 25 percent or more of the transaction. While guaranty amounts will generally begin at \$250,000, OPIC will consider smaller guaranty amounts on a case by case basis. Bid bond coverage is available for companies that have pre-qualified for the contract. Pricing for the guaranty is done on a transaction basis and the length of the guaranty will be tailored to the length of the contract. OPIC will seek a collateral sharing agreement with the financial institution or directly from the contractor.

For More Information

For more information about OPIC's Finance Contractors Program, please contact the Finance Department at 202-336-8400. For general information, contact OPIC InfoLine at 202-336-8799. For information via the Internet go to <http://www.opic.gov>.

Financing American Investments

OPIC's finance program supports U.S. companies of all sizes so that they can compete in new and growing markets overseas. OPIC can offer loan terms of up to 15 years and help U.S. companies secure timely and appropriate financing by using flexible financing structures and security packages.

OPIC provides financing through direct loans and loan guaranties to ventures involving significant equity and/or management participation by U.S. businesses. Loan guaranties are typically used for larger projects, while direct loans are reserved for projects involving U.S. small businesses and cooperatives. OPIC can normally guarantee or lend from \$100,000 up to \$250 million per project. OPIC can provide financing on a project finance or a corporate finance basis in countries where commercial financial institutions often are reluctant or unable to lend on such a basis. Rather than relying on sovereign or sponsor guaranties, project finance looks for repayment from the revenues generated by the project itself. Corporate finance looks to the credit of an existing corporate entity other than the project company to support debt repayment. Financing is available for new ventures as well as expansion or modernization of existing, successful operations.



OPIC is a U.S. government agency that helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy. Because OPIC charges market-based fees for its products, it operates on a self-sustaining basis at no net cost to taxpayers. Since 1971, OPIC has supported over \$145 billion worth of investments that will generate \$65 billion in U.S. exports and create more than 254,000 American jobs. For general information, contact OPIC InfoLine at (202) 336-8799. For information via the Internet and to subscribe to OPIC News, please go to <http://www.opic.gov>.