



Overseas Private Investment Corporation

Board of Directors Breakfast

September 23, 2010

Agenda

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- 3 Challenges and Opportunities**
- 4 Project Stories**

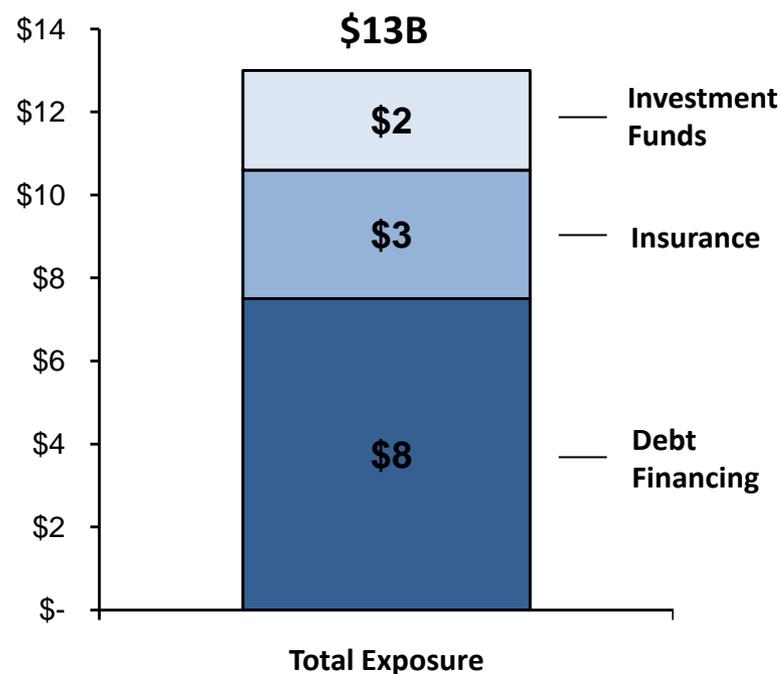
Our Solutions

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

Products

- **Debt financing**
 - Ranges from large structured finance to small business loans
 - Loan amounts up to \$250M with fixed rate terms for up to 20 years
- **Insurance**
 - Offers coverage for risk of expropriation, political violence, and currency inconvertibility
- **Investment funds**
 - Provides debt that is matched by privately raised equity to support funds investing in emerging markets

Current Portfolio *



*As of September 20, 2010

OPIC By the Numbers

Agency Facts	
Total Staff	210
Eligible Countries	> 150
2010 Figures	
– Projects Approved	66
– Revenues	\$289M
– Current Exposure	\$13B
Historical Impact	
– U.S. Jobs Supported	274,000
– U.S. Exports Supported	\$74B

Competitive Landscape

Compared to other development finance institutions, OPIC has a higher level of exposure per staff member and no equity authority

Peer	Exposure	Staff (FTEs)	Exposure per FTE	Equity Authority	Sponsor
	\$13B	210	\$62M	✗	U.S.
	\$6B	420	\$15M	✓	Germany
	\$6B	250	\$24M	✓	Netherlands
	\$26B	1,500	\$17M	✓	Multilateral
	\$30B*	4,000+	\$7.5M	✓	E.U.
	\$39B	3,400	\$11.5M	✓	Multilateral

*Estimate for development finance portion of portfolio

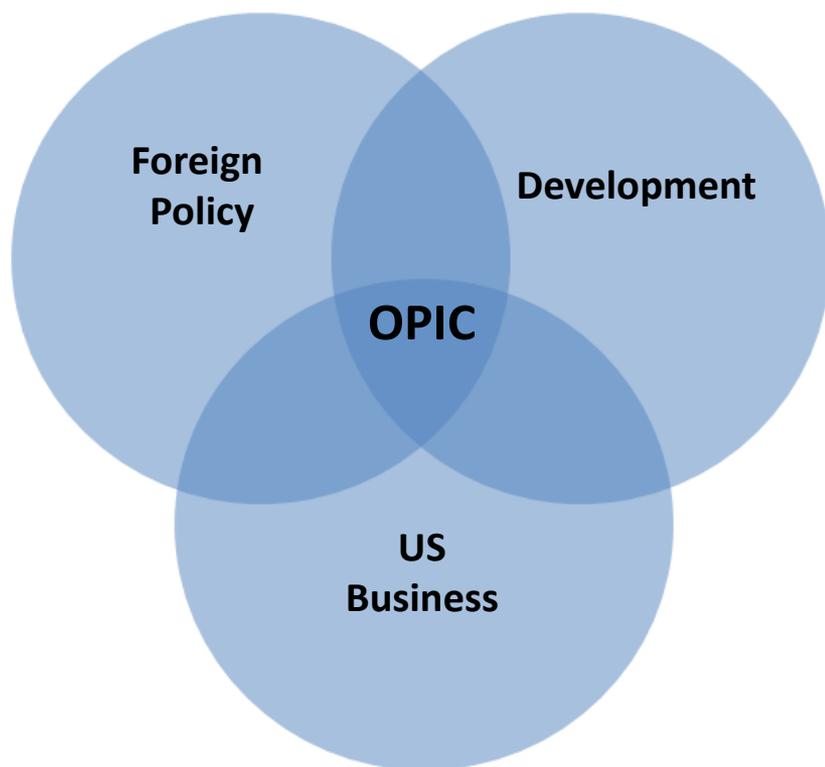
Source: Annual Reports, Dalberg EU Report

U.S. Government - Confidential

Administration Development Priorities

OPIC is uniquely positioned to support the administration's new development strategy

OPIC's Unique Position



Administration Priorities

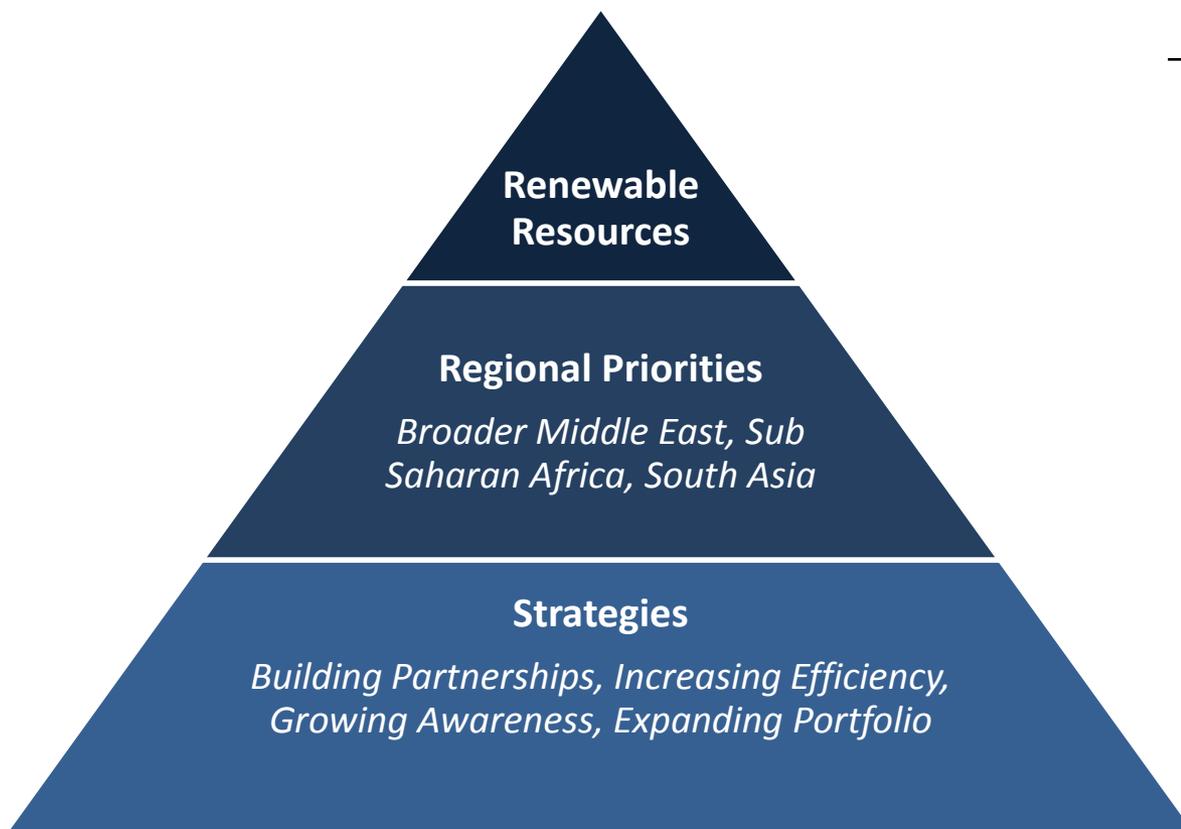
"We're changing how we define development...we need to harness all the tools at our disposal—from our diplomacy to our trade and investment policies."

~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 Strategic Priorities

OPIC: Financing solutions for sustainable prosperity



Example Initiatives

- Financing bio-fuels production in Afghanistan
- Supporting equity funds investing in solar and wind projects in Africa
- Lending to water treatment facilities in Pakistan
- Insuring against government breach of contract for carbon credits

Action Plan

To achieve our strategic priorities, we will optimize development impact, risk, and revenue by pursuing the following initiatives...

- ✓ Continue assembling and integrating a **highly qualified** team
- ✓ **Improve internal processes** to enhance efficiencies and reduce processing time
- ✓ Invest in **additional risk management systems**
- ✓ Increase **staff development** and management training programs
- ✓ **Strengthen cross-agency collaboration** to unlock innovation, improve cross-selling, and augment OPIC's impact
- ✓ **Intensify OPIC's relevance by raising awareness** of OPIC's powerful impact with key stakeholders

Success for OPIC in 2016

- ✓ Premier, **world class development finance institution**, delivering significant, tangible & measurable impact on sustainable development
- ✓ **Leader in financing solutions to the world's most pressing problems**: climate change, poverty, food insecurity
- ✓ **Standard setter** in environmental, social, human rights and labor policies
- ✓ Effective **partner to U.S. investors** in emerging markets
- ✓ **Best place to work in government**
- ✓ **Commands global respect** and support in foreign policy & development circles
- ✓ Demonstrates the **best content of America's character** by raising awareness that smart, caring, cooperative investment can make the world a better place

Constraints and Challenges

Several statutory, policy, and resource constraints limit OPIC's impact in emerging markets

Limitations	Impact on OPIC
1 Reauthorization	<i>Difficult to develop and implement long-term plan without Congressional authority</i>
2 Resources and Budget	<i>Abundance of private sector interest in OPIC solutions - main constraint to increasing impact is lack of investment professionals to process transactions</i>
3 US Eligibility Requirements	<i>Narrow definition of U.S. sponsorship limits ability to finance projects in foreign policy priority regions</i>
4 Greenhouse Gas Policy	<i>Not able to support many highly developmental projects which increase efficient use of resources (e.g. oil-to-gas conversions)</i>
5 Lack of Equity Authority	<i>Limits OPIC impact in emerging markets private equity and investment vehicles for small and medium enterprises</i>

Project Story: Buchanan Renewables

\$15M loan to Buchanan Renewables Fuel to sustainably harvest unproductive rubber trees from Liberian plantations for use as biofuel

Buchanan Renewables Fuel

- Highly developmental project in one of worlds poorest countries
- Created several hundred direct and more than 1,000 indirect jobs, while also providing training for unskilled workers
- Created 26 US jobs and \$7.5M in US exports
- Significant impact in rejuvenating the rubber sector as an important component of the country's economic development
- Supported Administration priority to rebuild Liberia after a decade of civil war

On the Ground



Buchanan Renewables Project Lifecycle



- OPIC senior management travelled to Liberia to explore post civil war development support.
- Project team reviewed initial business plan and financial model and conducted internal screening – agreeing to undertake serious consideration of the project
- Sponsors completed OPIC’s application and disclosure reports
- The OPIC team met with the sponsors, Liberian government officials, the US embassy, and local counsel and conducted a site visit to the plantation and the Port of Buchanan from which the company would ship the wood chips
- In preparation for Credit Committee and Investment Committee, the project team
 - Obtained policy clearances from OIP,
 - Performed extensive background, IRS and credit checks,
 - Received subsidy estimates from OCFO,
 - Obtained formal US embassy comments

Buchanan Renewables Project Lifecycle



- The project was presented to and approved by OPIC's Credit Committee and Investment Committee in September 2008
- In October 2008 OPIC and the company executed a Commitment Letter which included a term sheet detailing the primary terms of the loan
- OPIC and the sponsors in coordination with local and outside counsels completed a package of 23 separate agreements including Project Completion agreement, security documents, share pledge and subordination agreements.
- OPIC and the company executed the Agreements in February 2009
- In March 2009, OPIC disbursed the \$15M loan to the company
- Following the disbursement, the project was transferred to OPIC's Project Monitoring Group

Buchanan Renewables Project Lifecycle



- Since disbursement, OPIC's Portfolio Management Division and Office of Investment Policy continue to monitor the project for credit issues, policy compliance and developmental impact
- As of today, the project has harvested 200,000 trees, has 200,000 saplings in the nursery and has replanted 100,000 trees, as well as directly or indirectly creating 1,350 jobs
- Given its success, the project attracted the attention of Vattenfall, a Swedish conglomerate and 5th largest power producer in Europe, and Swedfund, a Swedish development fund
- Vattenfall and Swedfund together acquired 30% of the company in June 2010
- Additionally, Vattenfall has entered into a long term off-take contract with the company to buy 2 million green metric tons of rubber wood chips annually
- The result is that the company has applied for a \$75M expansion loan from OPIC

Project Story: Helios Funds I and II

With the benefit of OPIC funding, Helios Investment Partners raised two funds focusing on Sub-Saharan Africa

Helios Investment Partners

- Founded by Nigerians with track record of fund management (Modern Africa Growth Fund)
- Successfully raised 2 funds with OPIC financing focusing on Sub-Saharan Africa
 - Helios Fund I: \$304M raised
 - Helios Fund II: \$380M raised, to date
- Fund I Portfolio Company, Helios Towers, received significant commitment (\$600M) from Soros/IFC
- Fund II has received major commitments from US investors and DFIs

Fund I Portfolio Company: Equity Bank



- Largest single foreign direct investment in Kenya's history
- Focuses on Kenyans at the "bottom of the pyramid"
- Largest Kenyan bank by customer base (4.3M)
- Won "2009 Most Sustainable Bank of the year" award
- Has exhibited strong financial performance

Project Story: Afghan Growth Finance

\$78M in financing to Afghan Growth Finance to extends loans to SMEs in Afghanistan

Afghan Growth Finance

- OPIC is providing AGF with \$68M of additional loan capital in partnership with a USAID \$10M grant
- AGF has created 816 jobs to date through approximately 12 different SMEs – which account for 80-90% of economic activity
- As a result of an AGF loan of \$500,000 for working capital Ehsan Osman Ltd., a dried fruit company:
 - increased its sales in 2009 by 39 %
 - Became the 2nd largest exporter of red raisins to Russia, Ukraine, and Central Asia.
 - Is establishing a Kabul processing facility with a second \$1M loan

On the Ground



Project Story: Disi Water

\$150M political risk insurance supporting General Electric's investment in Disi Water bringing water from the Rum aquifer to Amman, Jordan

Disi Water Project

- OPIC provided both \$150M in Expropriation coverage to GE, and a \$250M loan to the Project Company.
- Disi Water will construct 55 wells, a 325 Km pipeline & a new concrete reservoir and connection to an existing reservoir.
- The Project will provide 25% of Amman's water; where water scarcity is a major constraint to economic growth & development
- The Project supports 400 U.S. jobs, \$70M in U.S exports and approx. 120 jobs in Jordan.

On the Ground



OPIC's Footprint

These are just a few examples of the over 4,000 projects OPIC has funded since 1971

