

Overseas Private Investment Corporation:
The U.S. Government's
Development Finance Institution



Energy Efficiency Technical Training
OSBUK, REGD and U.S. Department of Energy

Istanbul
January 8/9th, 2013

OPIC Snapshot



- Established in **1971**
- Provided **\$200 billion** of financing and insurance to support highly developmental projects
- Operates on a **self-sustaining** basis at no cost to the American taxpayer.

OPIC Primary Products

Project Finance

- Loans from \$350,000 to \$250 million
- Fixed interest rate
- Tenors up to 20 years
- Currency in USD
- Leverage up to 75%

Political Risk Insurance

- Expropriation
- Political Violence
- Currency Inconvertibility

Investment Funds Leverage

- Provides debt to Private Equity Funds
- Funds can be sector and/or regionally focused

Project Finance (debt)

- Eligibility
- 25% of Project Company owned by U.S. party OR significant long-term involvement of U.S. party (through licensing, royalties or leasing)
- Less than 50% foreign gov't ownership in Project
- Framework
 - Limited recourse project finance
 - Loan sizes from \$1-250M
 - Loan Tenors up to 20 years
 - Fixed rate U.S. dollar financing based on U.S. Treasuries plus risk spread
 - Long history of support to small & medium-sized enterprises

Political Risk Insurance

- Eligibility
 - U.S. equity investors or U.S. debt providers
- Framework
 - Insurance protects against Political Violence (including terrorism), Expropriation & Currency Inconvertibility
 - Fixed premium
 - Cancellable only by Insured
 - Tenor up to 20 years
 - Up to \$250M per project

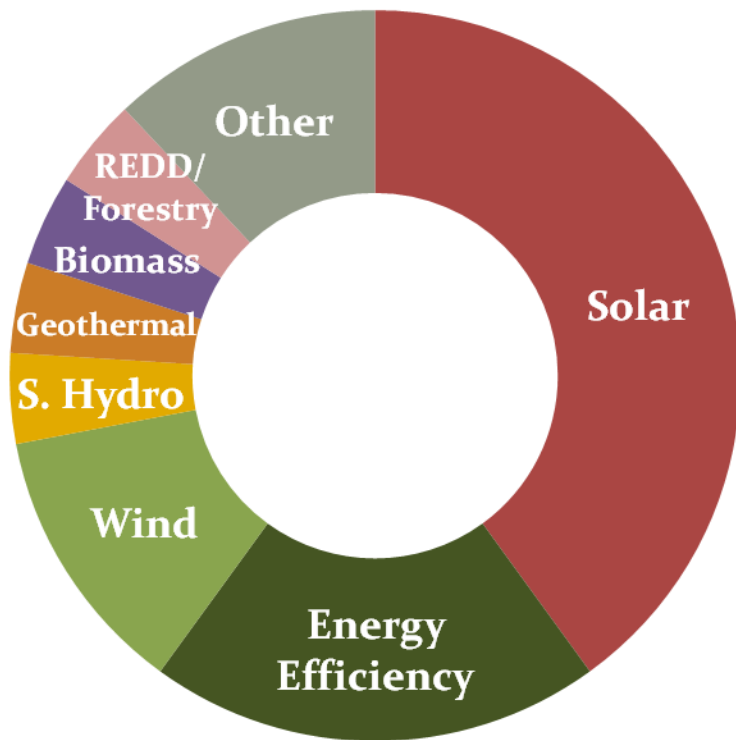
\$1.1 Billion in commitments for **Renewable Energy Finance and Insurance Projects**

\$498 million in approvals for financing to private equity funds

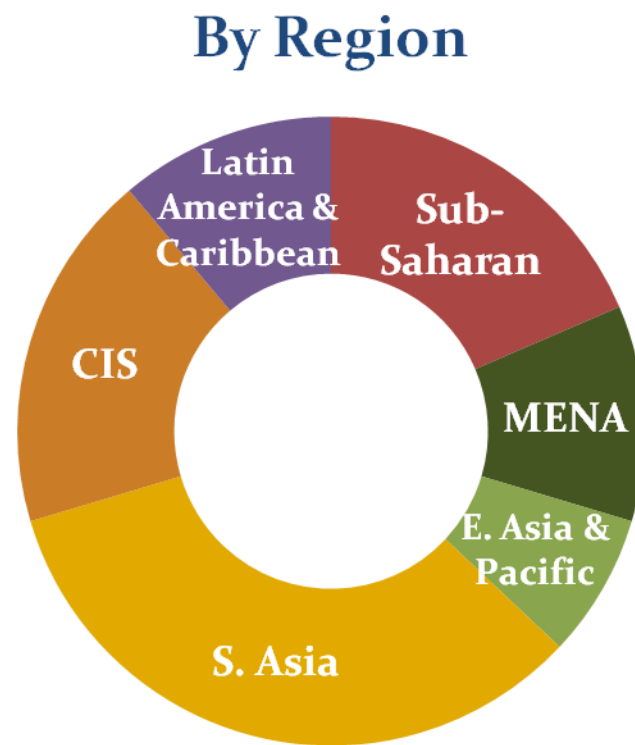


Important priority
representing **1/3** of all
commitments in 2011

FY10 + 11 Renewables Commitments

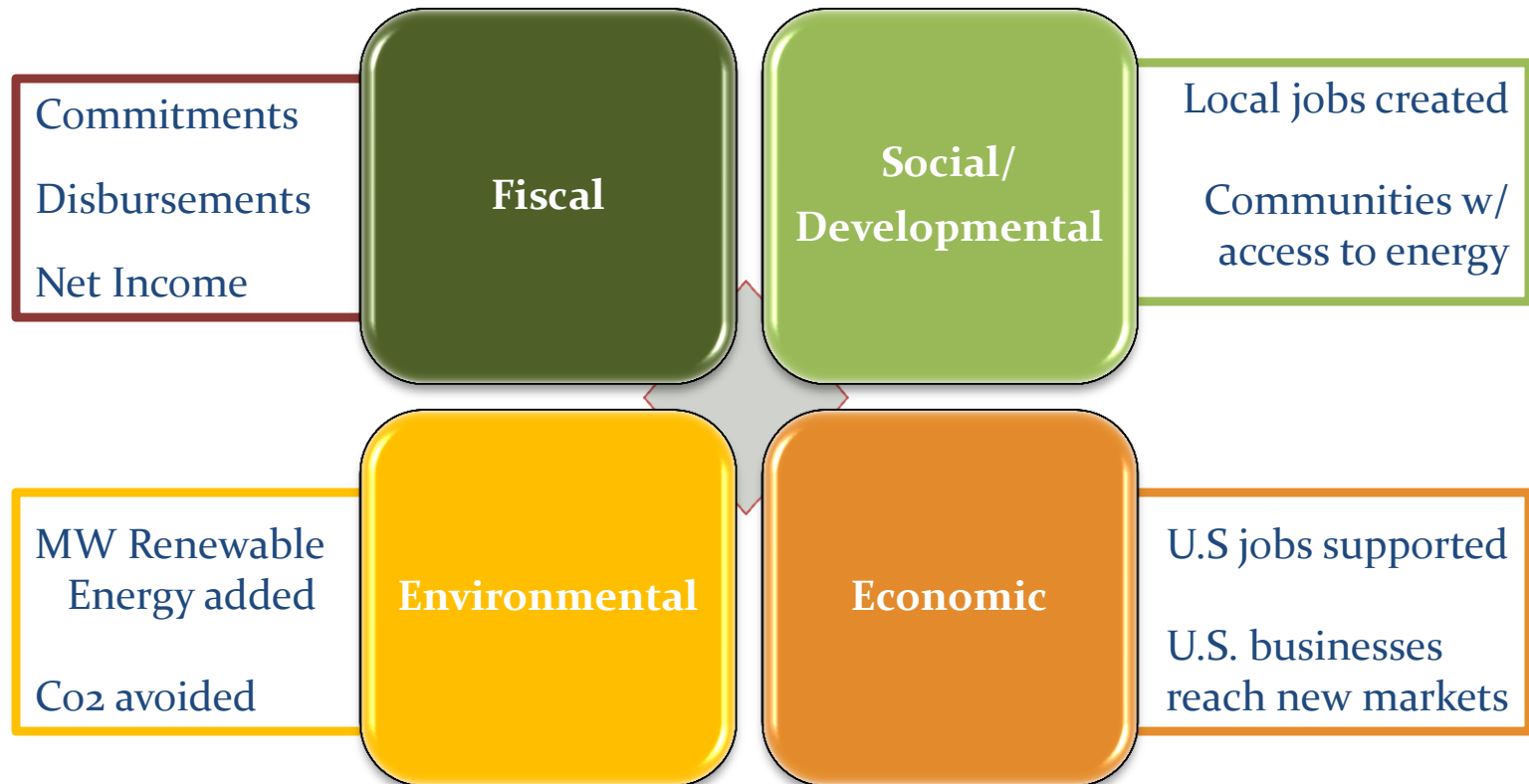


By Sector



By Region

Quadruple Bottom Line



Critical Factors for Attracting Investment

- Investment can only happen if debt and equity are available in a market. What are the key factors in determining capital availability?
- Established Renewable Energy Framework
- Creditworthy Off taker with Strong Power Purchase Contract
- Stable Regulatory, Political and Economic Environment



Attributes of OPIC Bankable Projects

- ❑ **US eligibility** requirement
- ❑ Experienced and committed **management** team
- ❑ Proven **technology** and creditworthy EPC contractor with a strong track record
- ❑ **Availability** of renewable resource
- ❑ A financial model showing strong cash flows and maintenance of minimum **DSCRs**
- ❑ Compliant with OPIC **policy** requirements, including environment, labor rights and worker rights

Product Innovations for Renewables:

Finance

Retrofit Sub-Debt

Direct financing for Renewable Energy & Efficiency improvements with repayments tailored to expected cost savings.

- Benefits = Working with SMEs; Ability to process small loan sizes

Energy Efficiency Facilities

Financing U.S. financial intermediaries to offer a financing package for Energy Efficiency improvements.

- Benefits = Reaches a spectrum of customers; Minimal investment required of manufacturers

Leasing

Lease financing through U.S. equipment vendors to reduce upfront capital costs to end users.

- Benefits = Extensive leasing experience; Ability to diversify risk

Carbon Credit Warehousing

Financing for renewable energy & clean tech solutions to end users, which will ultimately generate carbon credits as a revenue source.

- Benefits = Grassroots approach to implementation; Bridges local development needs with international investment markets

Product Innovations for Renewables: *Insurance*

Feed-In Tariff Cover

Political insurance protection against the risks of change to regulatory mandated feed-in tariffs.

- Benefits = Provides greater assurances of cash flow; Mitigates a primary concern of most RE investors

Carbon Credit Insurance

Insurance protection against the risks of foreign gov't actions or inactions that can impair an investor's ability to realize carbon credits.

- Benefits = Ensures the commercial viability for projects dependent on carbon credits

Breach of Contract Cover

Insurance coverage to protect investors from defaults by host gov't off takers in power purchase agreements.

- Benefits = OPIC maintains bilateral treaties with foreign gov'ts to motivate commercial behavior

Contact Information

**Berat
Pehlivanoglu**

- PFS Finance (USA), LLC
- beratp@pfsfinance.com
- US: +1.202.772.4283
- TR: +90.216.629.0001
- www.pfsfinance.com

**Overseas
Private
Investment
Corporation**

- 1100 New York Avenue, N.W.
- Washington DC, 20527
- www.opic.gov