



Enterprise  
Development  
Network

Strategic alliances facilitating access to capital

# **The Overseas Private Investment Corporation: Enterprise Development Network**

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# Topics

- Introduction to OPIC
- Finance / Insurance / Investment Funds
- What is EDN
- EDN Roles
- The Application Process
- EDN Development



## The Overseas Private Investment Corporation

- OPIC is the U.S. Government's development finance institution. It's role is to mobilize private capital to help solve critical world challenges. And in doing so, helps U.S. businesses gain footholds in emerging markets.
- OPIC achieves its mission through innovative debt financing, political risk insurance, and private equity investment funds.
- Established in 1971, OPIC operates on a self-sustaining basis at no net cost to American taxpayers. OPIC services are available for new and expanding business enterprises in more than 150 countries worldwide.



# A Few Talking Points

- Promotes U.S. foreign policy and security interests through international development in more than 150 countries worldwide.
- Often first into emerging markets, fueling a “catalytic” effect that promotes further investment, revenue and job creation.
- \$14B portfolio of projects
- Creates U.S. jobs, exports and growth - OPIC projects have to date have generated \$74 billion in U.S. exports and supported more than 275,000 American jobs.
- OPIC helps reduce the federal budget deficit. In FY10, it contributed \$352M to the budget – the 33rd consecutive year it has made a contribution.



# OPIC Finance

- Limited recourse, long-term financing through direct loans and loan guaranties
- Available to wholly-owned U.S. investment projects or joint ventures (at least 25% U.S. equity)
- Project sponsors are required to have experience in the same or a similar industry and contribute sufficient equity
- Terms:
  - Loans from \$100,000 up to \$250 million
  - 5-15 year terms
  - Generally, up to 50-65% of the total project cost for new ventures; up to 75% for expansions



# OPIC Insurance

- Insurance for U.S. investors against 3 types of political risk:
  - Expropriation
  - Political Violence
  - Currency Inconvertibility
- Terms:
  - Can cover up to \$250 million per project
  - Up to 20-year terms
  - Up to 90% of an eligible investment
- Benefits:
  - Extensive experience; advocacy
  - Attract funding from commercial lenders
  - Backed by the full faith and credit of the U.S. Government



# OPIC Investment Funds

- OPIC supports the creation of privately-owned and managed investment funds with debt capital
- These funds make direct equity & equity-related investments in new, expanding, or privatizing companies abroad
- These funds typically have a regional or sector focus



# Investment Criteria

- OPIC supports projects that:
  - Are located in an OPIC-eligible country
  - Significantly involve a U.S. investor
  - Are financially sound and have developmental benefits for the host country
  - Have no adverse affects on the host country's development or environment
  - Have no human rights or workers rights violations
  - Cause no loss of U.S. jobs or adverse impact on the U.S. economy



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# The Enterprise Development Network

- *A strategic alliance (“Network”) with financial institutions, consultants, law firms, and associations, trained and certified by OPIC, to facilitate efficient delivery of funding and political risk insurance to developmental, creditworthy US SME projects in developing countries.*



# EDN Roles

## **EDN Loan Originator (Finance and Insurance)**

- Trained in OPIC policies and procedures
- Assists SMEs in compiling direct loan, loan guaranty, or political risk insurance application packages for review by OPIC or Designated Lender

## **EDN Designated Lender**

- Develops SME debt portfolios supported by OPIC
- Utilizes more efficient credit process of private institutions
- Mitigates risk which is reflected in cost of funding and pricing to SME

## **EDN Advisors**

- Firms retained to assist OPIC with credit underwriting and loan processing
  - Due diligence
  - Country or regional analysis
  - Industry/Sector analysis



# Wells Fargo HSBC Trade Bank Facility

- \$100 million facility, 10-year maturity term
- Lending Parameters
  - Tenor: up to 7 years
  - Loan size: \$2 - \$15 million
  - Minimum Debt Service Coverage Ratio: 1.25:1
  - Require US collateral, host country collateral when possible
  - Interest rate: LIBOR+3.50% and higher
  - All OPIC Investment Policy requirements still apply
  - For repayment, rely first on domestic operating cash flow, then overseas cash flow



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# Today



Originator Matchmaking  
Portal: [www.ednaccess.com](http://www.ednaccess.com)





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# EDNaccess 2.0 Beta



Business Service Provider  
Matchmaking Portal:  
[www.ednaccess.com](http://www.ednaccess.com)



- BUSINESS SERVICE PROVIDERS**  
Trained Consultants (EDN Originators)
- Insurance Providers
  - Accountants / Bookkeepers
  - Legal Advisors
  - SEC Registered Brokers / Dealers



Capital Provider  
Matchmaking Portal:  
[www.ednaccess.com](http://www.ednaccess.com)



- EDN CAPITAL PROVIDERS**
- Lenders Portal
  - Investors Portal
  - Joint Venture Partner Portal





# Vision for EDN

- Extend EDN Originators and Designated Lending Facilities, especially in developing countries
- Recruit and train a network of local business support firms (accountants, lawyers, business consultants) in developing countries to better support MSMEs
- Continually streamline the process by including private sector firms and best practices – especially in the area of credit/risk management