



**OVERSEAS PRIVATE INVESTMENT
CORPORATION**

***African Infrastructure:
Meeting the Finance Challenge***

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Challenges

- Identifying infrastructure gaps and public and private sector projects to address them
- Mobilizing public sector domestic and international resources to analyze, fund and implement projects
- Leveraging the private sector to gain maximum efficiencies, sharing risk and reward, and enhance transparency
- Post infrastructure development maintenance and continued investment in projects

Infrastructure Gaps

- Multilateral funding for infrastructure projects shrank in favor of socially oriented spending; higher priority now on infrastructure spending
- Physical infrastructure – roads, ports, rail, water, ICT/telecom, power and energy – all require more long-term investment
- New areas for infrastructure investment:
 - Housing
 - Access to capital for SMEs
 - Microfinance

Mobilize Funding

- Identify most appropriate role for multilateral lender, national government and private sector support
- Assure projects are efficient and address national (and regional) infrastructure needs
- Funding must address the long-term debt needs of the project

Leverage the Private Sector

- Utilize international private sector debt, equity, skills or other value-added contributions
- Bring in local banks to help fund projects
- Enhance the likelihood of long-term success with private-sector management or public-private partnerships



OPIC Supports the Private Sector

Large and Small Projects get OPIC Support

- Direct loans and loan guaranties
- Political risk insurance for investors and lenders
- Leveraging private equity investors' expertise to invest in African companies with a growing Investment Funds portfolio



What is OPIC Finance?

- 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
 - Average loan tenor 8-12 years
 - Up to 15-25 years
- Loans from \$100,000 up to \$250 million per project
- 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 of a successful existing operation or for new projects with strong off-taker
- Investment guaranties for larger, structured transactions



Using OPIC Political Risk Insurance

Protects project investors, lender and other service providers such as contractors and exporters

Helps attract U.S. private sector investors and lenders to infrastructure projects

- Political Violence
- Expropriation
- Currency Inconvertability

Specialized programs for oil & gas and other natural resource projects, leasing deals, and for lenders



The Role of Private Equity

OPIC-backed funds mobilize private capital to invest in local projects to help the economy grow

- \$5 billion in capital allocated since 1991
- \$2.3 billion committed across 33 partnerships
- \$1 billion invested in 400 projects
- Africa has 8 percent of OPIC worldwide fund capacity
- Nearly \$750 million in new funds targeted for Africa



OPIC's Investment & Credit Policies

- Involvement of a U.S. investor
- Commercial and financially sound projects
- Sponsors with strong track record

- Adherence to international labor, human and worker rights
- Environmental impact
- Social and economic development impact
- Approval of the national government



How to Work with OPIC

- Finance application, business plan, cash flow projections, information on project sponsors
- Register project for political risk insurance
- Contact appropriate OPIC investment fund manager

www.OPIC.gov



For more information on OPIC:

Visit us on the web: www.opic.gov

Contact the Information Officer:

- Info@opic.gov
- 202-336-8799 (Hotline)
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Thank you for your interest in OPIC!