



Overseas Private Investment Corporation

*Financing Your Savings and
Efficiencies*

*Bahamas Energy Forum
November 4, 2011*

Our Organization

As the U.S. Government's development finance institution, OPIC mobilizes U. S. private capital to help solve critical development challenges and in doing so, advances U.S. foreign policy.



OPIC currently manages a \$13.4B portfolio of projects in over 150 countries and operates on a self-sustaining basis at no net cost to the American taxpayer.

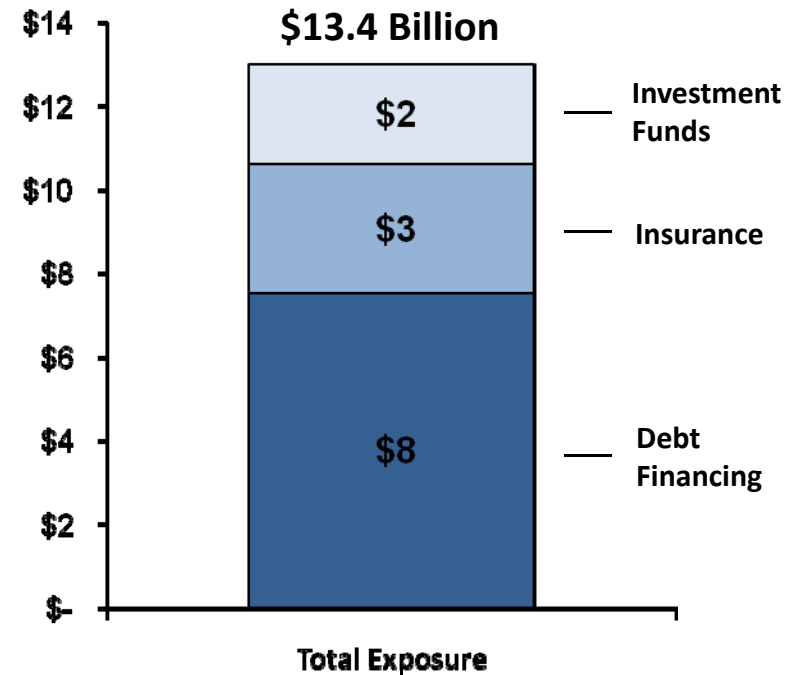
Our Solutions

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

Products

- **Debt financing**
 - Limited recourse, long-term finance for private sector, commercial projects
- **Insurance**
 - Protection against currency inconvertibility, expropriation and political violence, including terrorism
- **Investment funds**
 - Provides debt that is matched by privately raised equity to support funds investing in emerging markets

Current Portfolio *



*As of June 2011

Our Priorities

Renewable energy and energy efficiency represent priority sectors in OPIC's investment strategy

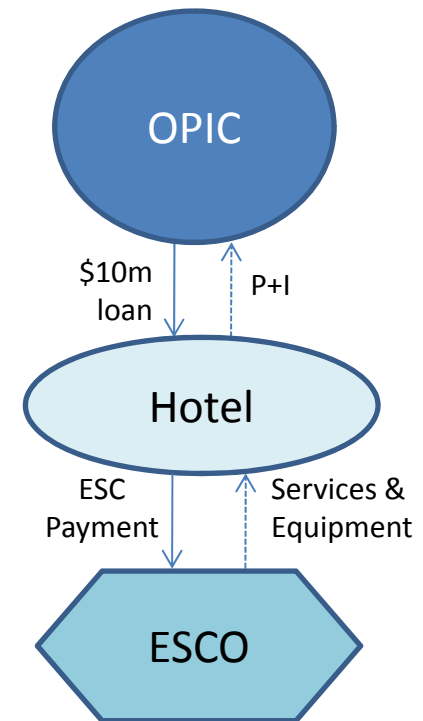
- Renewable Energy - solar, wind, small hydro, biomass waste to energy, geothermal, grid and off-grid applications
- Energy Efficiency, Green Building and Clean Technology
- SME Lending
- Priority Countries



Energy Efficiency Financing Structure – Direct Loan

One way OPIC is able to support new building and retrofit efficiency investments is through a direct loan to the hotel implementing energy improvements

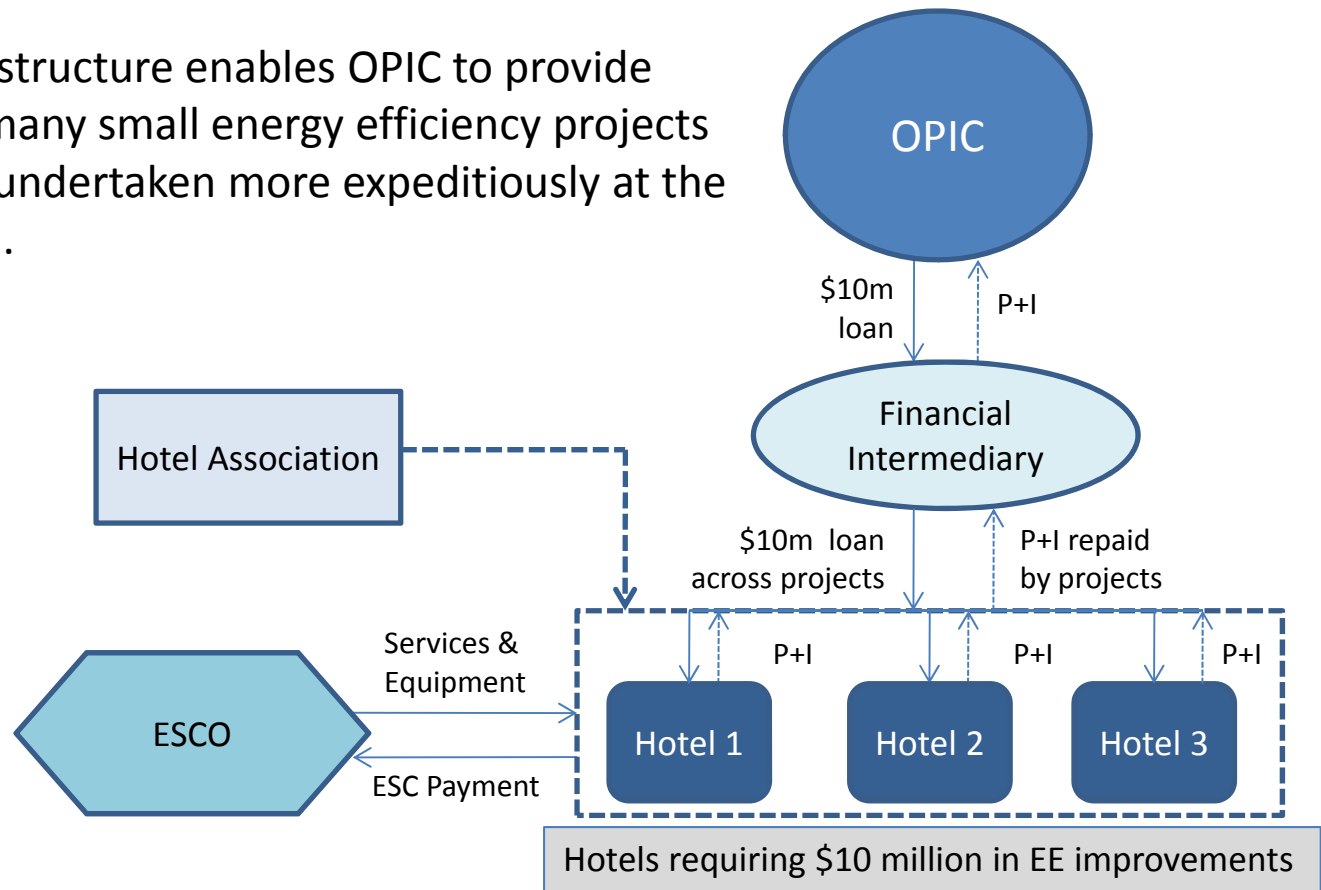
- OPIC can provide subordinated debt to finance both the engineering advisory services and the energy improvement.
- The hotel will execute an energy services contract (ESC) with an energy service company (ESCO) who will provide the services and equipment necessary to implement the project.
- The hotel will repay the OPIC loan from the expected energy savings from the efficiency improvements, vis-à-vis a previously determined baseline energy usage.



Energy Efficiency Financing Structure – OPIC Facility

OPIC is also able to support energy efficiency investments through a facility loan which would be used to implement energy improvements at numerous hotels

- A facility loan structure enables OPIC to provide financing for many small energy efficiency projects that could be undertaken more expeditiously at the company level.



Energy Efficiency Financing Structure – OPIC Facility

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Role of OPIC

- Facilitates financing to a large number of energy efficiency investments at numerous hotels in the Bahamas
- Ensures timely funding of OPIC facility to individual hotels making efficiency improvements
- Takes credit risk of underlying investments

Role of Financial Intermediary

- Serves as a conduit for the OPIC facility to ensure participation in a large number of energy efficiency investments
- Coordinates with the Bahamas Hotel Association to identify a pipeline of potential customers for energy improvement
- Performs credit underwriting of customers making investments
- Administers loan process to ensure timely funding of investments
- Performs collection and monitoring activities of the loan to ensure long term repayment of the OPIC facility
- Takes first loss risk and potential foreign exchange risk

Energy Efficiency Financing Structure – OPIC Facility

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Role of Hotel

- Serves as the primary beneficiary of the OPIC facility
- Liaises with the Bahamas Hotel Association who assists the financial intermediary in identifying a potential pipeline of investments
- Implements energy improvements through ESC with ESCO
- Provides immediate payment to ESCO for project implementation and provides regularly scheduled payments to the financial intermediary from the expected energy savings

Role of ESCO

- Serves as an indirect beneficiary of the OPIC facility
- Conducts energy audits and assessments of potential customers
- Provides technical services and equipment under the ESC and receives immediate payment for such items
- Takes implementation and performance risk on improvements

Energy Efficiency Financing - Eligibility and Key Terms

Project proposals satisfying certain criteria are eligible to receive OPIC financing according to the following terms

- Participation by a US entity
- Facility size of up to \$250 million
 - Expected size of project(s)
 - Expected 2 to 3 year pipeline
- Loan tenor of up to 15 years
 - Payback period
 - Tenor of ESC(s)
 - Required availability period of OPIC loan
- Fixed interest rates based upon OPIC's cost of funds plus a risk premium



Energy Efficiency Financing – Key Characteristics

OPIC looks to various aspects to determine the suitability of a project for OPIC investment

- Expected energy savings greater than 20%:
 - LED lighting
 - High grade insulation
 - Energy saving heating, ventilation and AC equipment
 - Energy efficient doors and windows
 - Solar photovoltaic power generation
 - Energy efficient water heating
 - Other energy efficient equipment or advancements
- Creditworthiness and track record of the hotel
- Creditworthiness and experience of the financial intermediary with respect to hotel underwriting
- Capabilities and experience of the ESCO and key terms of the ESC
- Reliability of the baseline energy audit



Contact Us

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