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**TOGETHER  
TOWARD TOMORROW**



Loans for Investors in the Developing World

**OPIC**



# Support and Service From IESC

Helping a small business capitalize on its opportunities and take a position in the global economy is often a matter of money.

IESC is proud to play a pivotal role in furthering the growth of small- and medium-sized businesses (SMEs) as a **loan originator** for the Overseas Private Investment Corporation (OPIC). In fulfilling this role, we've joined OPIC's Enterprise Development Network (EDN). That means we've become part of OPIC's strategic alliance of private sector members who work with OPIC to accomplish its mission.

More specifically, our seasoned experts are available to help SMEs as well as qualified investors through the OPIC

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loan application process.

In doing so, we act as a facilitator/knowledgeable resource for the applicant.

And since

we're a nonprofit organization, our fees are modest and within reach.

Our functions include reviewing business plans and financial projections, providing guidance through the loan approval process and assisting our clients in obtaining technical and legal assistance. We can also help with applying for political risk insurance. These services can save you time and money, improve the prospects of initial acceptance and processing of your loan, and can "free-up" your personnel to concentrate on other matters tied to your business success.

We act only as an originator/facilitator. OPIC and other financial institutions working with them make all the credit decisions.

IESC's organizational mission is to promote stability and prosperity in emerging market economies. Our role as a loan originator extends and complements our experience in responding to a wide variety of financial challenges, from training developing country bank personnel in small business loan management to developing a stock exchange.



## OPIC Loan Eligibility

Generally, a project in a developing country needs to have a U.S. sponsor to become eligible for an OPIC loan. That U.S. sponsor should have:

- Ownership of at least 25% equity in the foreign entity or project (with a lower threshold for franchises and certain high-impact projects)
- A proven record of profitability
- Demonstrated experience in the nature of the project.

## Loan Terms and Rates

Through the EDN, IESC can help obtain corporate or project finance loans from OPIC. These loans can:

- Be up to \$250 million
- Provide financing of up to 50-65% for new ventures; and up to 75% for expansions
- Have a fixed rate for up to fifteen years
- Carry interest charges based on an underlying cost of capital (comparable to U.S. Treasury notes or other U.S. Government-guaranteed issues of similar maturity) plus a 2-6% risk premium

If you're applying for an OPIC project loan, you'll need to provide a well-written business plan and financial projections showing that the project is financially and commercially sound. In other words, you need to demonstrate that your project can produce an adequate cash flow to pay all operational costs, service all debt and provide owners with an adequate return on their investment. IESC can work with you to assemble this information.

# Frequently Asked Questions

## **Why should I use OPIC for a loan, rather than going directly to a private lender?**

OPIC is in the business of encouraging, facilitating and supporting loans for qualified projects in developing countries. If you are having difficulty obtaining financing from your local bank, OPIC may be the right place to go for that much-needed loan.

## **For which developing countries are OPIC loans available?**

You'll find an up-to-date list on the OPIC website:

*<http://www.opic.gov/doingbusiness/ourwork>.*

## **What about political risk insurance?**

OPIC has also designated IESC as a political risk insurance originator. We can help you apply for political risk insurance coverage for your project. More details can be found on the OPIC website *<http://www.opic.gov/insurance>*.

## **What are IESC's qualifications as a Loan Originator?**

We have maintained a successful financial services practice for many years and have completed more than 25,000 individual technical assistance and training projects in over 120 countries. Those

projects have ranged from helping developing-country banks enhance their small business loan practice to setting up a stock exchange in a country making its transition to a market economy. We staff our engagements through a proprietary database of more than 8,500 industry experts—hundreds of whom possess strong financial credentials.

For more information on IESC, go to *[www.iesc.org](http://www.iesc.org)*.

## **What will it cost me to use IESC's Loan Originator services?**

As a not-for-profit firm, our fees are designed to cover only our costs. We charge an initial fee (usually less than \$10,000) at start-up. In addition, we charge progress fees based on our costs and a success fee when (and if) the loan is approved.

## **What should I do to get more information or start the process of working with IESC on an OPIC loan?**

Please feel free to contact IESC

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Washington, DC 20036.

Telephone : 202 589 2600

E-mail: [loans@iesc.org](mailto:loans@iesc.org)

# About OPIC

OPIC was established as an agency of the U.S. government in 1971. Its **mission** is to mobilize and facilitate U.S. private capital and skills for the economic and social development of less developed parts of the world. It also helps countries that are making the transition from non-market to market economies.

OPIC supports U.S. companies and investors by providing financing (from large structured finance to small business loans), political risk insurance, and investment funds in more than 150

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emerging markets and developing nations worldwide. OPIC complements the private sector in managing risks associated with foreign direct investment and in support of U.S. foreign policy.

OPIC places emphasis on projects that have a developmental effect on the host country and do not harm the environment. It does not work with countries that have a history of human rights violations or on projects that center on tobacco, alcohol, arms or gambling. Its priority sectors include housing, energy, water, infrastructure, tourism, financial services and franchising.

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*More information on OPIC can be found on its website—<http://www.opic.gov>.*



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