

## **OPIC Finance Process Description**

The steps listed below are intended to provide loan applicants and project sponsors of overseas investments with a general idea of the process involved in requesting and obtaining a Loan or Loan Guaranty from OPIC:

Step 1: Applicant submits a short, two-page summary of the project concept for OPIC's review (please contact OPIC's Information Officer at (202) 336-8799 or email [info@opic.gov](mailto:info@opic.gov) with any questions and to request a suggested outline for the summary).

Step 2: If requested by OPIC, complete OPIC Application Form 115, including detailed business plan, sponsor disclosure reports (OPIC Form 129), financial statements, and financial projections model.

Step 3: OPIC undertakes a review of the application, and "screens" it for major credit and policy issues.

Step 4: A Retainer Letter is sent to the investor and a retainer fee is charged. (Please see the attached list of initial legal documents and information that should be submitted at the time of the execution of the Retainer Letter.)

Step 5: Due Diligence Review is conducted by OPIC or a designated lender or advisor (during which the investor/borrower will be consulted for input and clarification). The review consists of the following:

- a. OPIC's Office of Investment Policy performs an in depth analysis of:
  - i. Human Rights situation in the project country
  - ii. Developmental Effects of the project for the project country
  - iii. US Economic Effects (a project may not have a detrimental impact on the U.S. economy)
  - iv. Worker Rights
  - v. Environmental issues and appropriate mitigation plans (significant impact projects may necessitate a formal Environmental Impact Assessment and 60 day public notification)
- b. Legal Issues – review of legal issues and documentation and request detailed legal due diligence list.
- c. Credit Analysis Process:
  - i. Credit checks
  - ii. Bank and trade/personal reference checks
  - iii. Business plan analysis

- iv. Management capability, relevant experience and depth
- v. Analysis of Financial Statements
  1. Historical financial statements (both for historical financial performance, and for evidence of financial wherewithal to fund the equity the project requires)
  2. Projected financial statements and underlying assumptions
  3. Sensitivity Analysis
- vi. Site visit
- vii. Risk analysis
- viii. Indicative Term Sheet developed
- ix. Preparation of credit memo/analysis

Step 6: Approval Process:

- a. for OPIC loans up to \$10 MM - Credit Policy and Director/Vice President approval
- b. for OPIC loans over \$10 MM and up to \$30 MM - Credit Committee and Investment Committee approvals (these are internal loan approving committees that review critical credit and OPIC policy issues)
- c. for OPIC loans over \$30 MM - Credit Committee, Investment Committee, and Board of Director approvals (meets four times per year)

Step 7: Once approved, a Commitment Letter, together with a detailed term sheet, is issued and signed.

Step 8: Loan Documents drafted, reviewed with Borrower and signed (will require external legal counsel draft/review and opinions at Borrower's expense).

Step 9: Disbursement (once all conditions precedent to disbursement are satisfied); most often a loan will have multiple disbursements that match the cash requirements of the project.

Attachment

**Legal documents/information to be submitted at the time of execution of the Retainer Letter<sup>1</sup>**

1. Corporate organization chart (for each entity, please indicate type of organization and the jurisdiction of formation)
  - a. who are the U.S. citizens?
  - b. what is their involvement with the project?
2. Copies of charter documents
3. Copies of permits/licenses
  - a. what permits/licenses are required?
  - b. which entity issues these permits/licenses?
  - c. status - have permits/licenses been applied for or obtained?
4. Copies of major project documents (such as construction contract, concession agreement, off take agreement, etc.)
5. Describe litigation, arbitration or investigation, if any
6. Land and building - will the borrower own or lease premises for operations (if leased, who is the owner of the property)?
7. Names of local (project country) and U.S. counsel.

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<sup>1</sup> Documents that were submitted as part of the complete application package need not be re-submitted.