



Supporting Franchising in Emerging Markets

American Franchise Forum for the Caribbean

Santo Domingo, Dominican Republic

October 23-24, 2008

The OPIC Mission

- Support U.S. private investment in more than 150 emerging markets and transitioning economies
- Assist in the economic growth by facilitating private investment in projects sponsored by private enterprises
- Operate on a self-sustaining basis by supporting commercially-viable projects on commercial terms
- Do not compete with the private sector



OPIC Products

- Political Risk Insurance
 - Protects investors against a variety of risks
- Long-term financing
 - Provides loans and loan guaranties
- Investment Funds
 - Supports private equity funds that invest in projects abroad



OPIC & Franchising

- Franchisees
- Franchisors
- U.S. Banks & Financial Institutions



OPIC Insurance

- Insures U.S. investors against 3 political risks:
 - Expropriation
 - Political Violence
 - Currency Inconvertibility
- Franchisee: If U.S.-owned, can insure equity
- Franchisor: If U.S.-owned, can insure equity, flow of royalties back to U.S.
- Commitment Letter



OPIC Insurance

- Terms:
 - Can cover up to \$250 million per project
 - Up to 20-year contracts
 - Up to 90% of an eligible investment
- Benefits:
 - Extensive experience; advocacy
 - Attract funding from commercial lenders
 - Full faith and credit of the U.S. Government



OPIC Finance

- Limited recourse, long-term finance through direct loans and loan guaranties
- Franchisee: Can finance your start-up, expansion costs if there is significant U.S. involvement
 - 25% of greater ownership by a U.S. investor in the franchisee company, or
 - Significant involvement of the U.S. small business franchisor in the project
- U.S. Franchisor / U.S. Bank: Can guarantee your loans to franchisees



OPIC Finance

- Underwriting Criteria:
 - Preference given to expansions of existing franchisees with on-going operations and positive track record
 - Start-up franchisees eligible for financing if cash flow independent from the franchisee operation is used to service the OPIC loan until the franchisee operation is capable of servicing the loan from its own cash flow
 - Acceptable debt-to-equity ratio and collateral/guaranties
- Terms
 - Tenors generally between 3-8 years
 - Loans from \$100,000



OPIC Finance

- Business Plan & Marketing Study
- Franchisor has positive operating cash flow and long-term contractual relationship with the local franchisee
- OPIC Investment Funds – make direct equity and equity-related investments in overseas companies:

www.opic.gov/investment/participating/fulllist/index.asp



How to Get Started

- Review resources online: www.opic.gov
 - OPIC Handbook (program details)
 - Insurance: “Top Ten Tips”
 - Finance: “Eligibility Checklist for SME Finance”
 - Small Business Guide
- Speak to an OPIC Public Information Officer
- Enterprise Development Network’s Loan Originators (www.ednaccess.com)
- Online application submission



Contact Information

Contact the Information Officer:

- Info@opic.gov
- 202-336-8799 (Hotline)
- 202-336-7949 (Fax)

Alison Germak, Public Information Officer

- Alison.Germak@opic.gov
- 202-336-8651 (Phone)
- 202-336-7949 (Fax)

