INNOVATIVE FINANCIAL INTERMEDIARIES PROGRAM (IFIP)

FREQUENTLY ASKED QUESTIONS

IFIP Application and Review Process

1. The OPIC Form 256 - Investment Funds Questionnaire requests information regarding the “fund” and downstream “investments”. Are vehicles other than equity funds—such as debt funds, or non-bank financial institutions—eligible to apply to IFIP?

Yes, IFIP accepts applications from pooled investment vehicles other than equity funds. For a list of eligible structures, please see the table at: https://www3.opic.gov/IFIP/Account/Login.aspx. For non-equity funds applying to IFIP and completing the Questionnaire, please note the following terminology:

- “fund”: refers to the pooled investment vehicle which you are presenting (i.e., equity fund, debt fund, hybrid fund, holding company, SPV, etc.)
- “investment”: refers to the investment product the fund will be deploying (i.e., loans, equity, mezzanine financing, etc.)
- “fund manager” or “General Partner (GP)”: refers to the team of individuals that are responsible for the sourcing and vetting of potential investments and has the discretion to make investments for the fund (i.e., the investment manager, investment, team, etc.)

2. The OPIC Form 256 – Investment Funds Questionnaire requests an explanation on how our fund/vehicle will “meet the general objectives of this Call.” What are the objectives of IFIP?

For the purposes of completing an application to IFIP, please note that the IFIP objective is to support vehicles with a specific focus on innovation and developmental impact. Evaluation criteria for developmental impact include impact intent/strategy, target population, impact metrics/tracking, and scalability.

3. Is there a required format for the Pitch Book that accompanies the Form 256 submission?

While the specific format for the pitch book is not prescribed, we encourage applicants to review the document “Key Elements of a Pitch Book” and consider incorporating these elements into the Pitch Book, as they will assist in OPIC’s timely review of your proposal.

4. What is the estimated time for receiving a response after the submission deadline?

OPIC aims to provide all applicants with a response within six weeks of the application deadline date regarding the outcome of the initial screening process of their application.

5. How many proposals will be selected from each application period?

Each applicant’s proposal is screened against pre-determined evaluation criteria for IFIP and OPIC selects those that appear to be the strongest and the best fit with OPIC’s mandate. There is no established selection rate or amount for each period, and OPIC reserves the right to select or decline proposals at its sole discretion.
6. Is the proposal that we submit a starting point for a discussion? Will we work together to refine/adjust various elements, such as share classes, term and length of loan, etc. prior to making an approval decision?

Yes, if the applicant proceeds beyond the initial screening process and OPIC decides to initiate further discussion with the applicant, all aspects of the proposal will be reviewed and discussed as needed with the project team assigned to the applicant. However, if significant and material changes to the structure of the proposal are required, OPIC may require that the applicant resubmit their proposal for review in a subsequent application period.

7. Is there a limit as to how many times a fund can apply to IFIP?

Yes, an applicant may apply to IFIP up to three times in total, provided that in each reapplication the applicant has addressed the deficiencies noted in any previous review. Applicants that choose to reapply must resubmit all required application materials via the IFIP website for each (re)application.

8. What structure does OPIC expect the fund/vehicle to have?

OPIC seeks innovative proposals and will remain flexible in reviewing the proposed structures put forth by the respondents. OPIC participates in a broad range of fund structures and will consider other fund-like structures (e.g., holding companies, special purpose vehicles, non-bank financial institutions/intermediaries).

9. Are first-time managers eligible for OPIC funding?

IFIP does not exclude first-time managers from consideration. However, as a part of its screening process, OPIC will assess how well the proposed strategy can be supported by the track record of the institution and the individual investment team members, any prior experience members of the team have had working together, and their collective relevant experience.

10. Is having some capital already raised or committed from other investors required for application to IFIP?

OPIC is looking for evidence of investor interest and capital commitments at the time of application, therefore it is advisable to have initiated your fundraising process prior to submitting an application to IFIP. While it is not a requirement to have capital raised or committed at the time of the application, some progress in fundraising is viewed as a significant contribution to the overall application package.

11. What are OPIC’s requirements for U.S. participation?

OPIC seeks to support funds/vehicles that have U.S. participation in either the ownership of the fund manager/general partner/sponsor, or in the equity capital of the fund/vehicle. Proposals should demonstrate that either the fund manager/general partner/sponsor, or the fund/vehicle, (a) if established in the U.S. is at least 25% owned by U.S. Persons, or (b) if established outside of the U.S. is more than 50% owned by U.S. Persons, in each case directly or indirectly. Alternatively, if the proposed borrower of OPIC funds is an investment fund, the proposals may also demonstrate that the fund manager/general partner/sponsor will seek to raise capital for the fund/vehicle from U.S. Persons equivalent to 25% of OPIC’s expected commitment.
"U.S. Persons" means (a) U.S. citizens, (b) permanent residents of the United States (i.e., green card holders), (c) for-profit entities established in the U.S. that are at least 25% owned by U.S. citizens and/or permanent residents of the United States, (d) for-profit entities established outside of the U.S. that are more than 50% owned by persons satisfying (a)-(c), (e) not-for-profit entities established in the U.S., and (f) not-for-profit entities established outside of the U.S. that are majority governed by U.S. citizens and/or permanent residents of the United States.

**Examples:**

1) If the manager of a small equity fund with total capital of $30 million, comprising $20 million equity and $10 million OPIC debt, has no U.S. ownership, OPIC would expect the fund manager/general partner to raise $2.5 million of the $20 million in equity from U.S. investors.

2) If a fund manager of a debt fund with total capitalization of $100 million has not raised any capital from U.S. investors, nor does it intend to do so, but the fund is managed by a U.S. entity that is at least 25% owned by U.S. Person(s) or a foreign entity that is majority owned by U.S. Person(s), then this fund would be eligible to apply for OPIC financing through IFIP.

12. Is IFIP eligibility contingent on the applicant having a commitment from U.S. investors in a specific percentage of the amount being requested from OPIC?

All proposals will need to meet OPIC’s U.S. eligibility as a condition of OPIC’s funding. At the time of submission of the proposal, it is not required that this requirement be met, but the ability to satisfy the requirement and the applicant’s strategy/plan of action to satisfy the requirement will be important factors in determining whether to initiate a discussion with the applicant.

13. Does the fund/vehicle have to be domiciled in the U.S.?

No, however, the fund/vehicle should be domiciled in a jurisdiction with adequate legal certainty such that OPIC will be comfortable its agreements with the fund will be enforceable in that jurisdiction.

**Form of OPIC Participation**

14. How much will OPIC invest in a fund/vehicle through IFIP? What is the typical amount of leverage and/or leverage ratio for a fund to obtain OPIC financing?

For equity funds of up to $100 million in total capitalization (including OPIC debt), OPIC may consider up to the lesser of one-third of the total capitalization of a fund (i.e., an amount equal to fifty percent of the equity capital raised for that fund); or up to $33.3 million, provided that the applicant has met the US Participation Requirements referred to in Question 11.

For other IFIP-eligible funds/vehicles, with some exceptions, OPIC may consider up to two-thirds of the total capitalization of the vehicle, with a limit of $50 million on its contribution. However, the level of financing that OPIC will consider is largely commensurate with the risk of the investment strategy of the fund, in terms of forms of capital the fund will deploy and the target portfolio composition. Generally, the higher end of the range will be considered for funds investing a higher level of debt than equity. As previously mentioned, these guidelines assume that the applicant has met the US Participation Requirements referred to in Question 11.

15. Does OPIC's financing come in the form of equity in the fund or a senior loan?
OPIC’s participation is in the form of a long-term senior debt facility. OPIC’s loan is typically drawn on a pro-rata basis with LP capital, and repayment is generally structured to be compatible with anticipated liquidation of the fund’s portfolio.

16. Are there uniform terms for funds/vehicles that OPIC supports through IFIP?

Each fund OPIC supports is different and the terms of OPIC’s support are negotiated on a case-by-case basis, taking into account such factors as investor risk appetite, fund return targets, and investment strategy. See https://www3.opic.gov/IFIP/Documents/Draft_Indicative_Terms_Chart_for_IFIP_funds_(01.29.16).pdf for indicative terms.

17. What interest rates will be charged on the OPIC loan?

Generally, OPIC’s interest rate is comprised of a base interest rate priced at the prevailing rate for U.S. Treasury obligations with similar tenor at the time of disbursement, plus a premium (based on assessed risk, market conditions, etc.). This all-in rate is determined separately for each disbursement and is based on requested tenor and market conditions. See https://www3.opic.gov/IFIP/Documents/Draft_Indicative_Terms_Chart_for_IFIP_funds_(01.29.16).pdf for indicative terms.

18. Will OPIC provide grants, technical assistance, equity or first loss capital to funds selected through IFIP?

OPIC will not provide grants, technical assistance, equity or first loss capital as part of IFIP.

Economic Issues

19. Would OPIC expect to participate in a fund's capital gain?

Depending on the fund type and loan structure, OPIC may be paid a minimal share of cash distributions from the fund after the OPIC loan has been repaid and investors have recovered their full equity investment in the fund. This participation would be negotiated between OPIC and the manager of the fund.

20. What are the anticipated OPIC fees and expenses to be paid by an applicant?

As a fund/vehicle advances through the OPIC underwriting process, it may be required to pay, inter alia: an upfront retainer fee of up to $25,000 to cover OPIC’s due diligence costs; legal expenses incurred by OPIC (in the case that external legal counsel is required); and an annual maintenance fee, generally up to $25,000 per year, to cover costs and expenses related to the ongoing administration and monitoring of the loan.

OPIC Policy/ESG Issues

21. What are OPIC’s policy requirements for investments?

All investments made using OPIC proceeds must comply with OPIC’s policy requirements related to environment, workers’ rights, human rights, development impact, and impact on the U.S. economy.

More information is available about OPIC’s policy requirements on the website at: https://www.opic.gov/who-we-are/investment-policies.
22. What are the OPIC-eligible countries?

The OPIC eligible countries are listed on OPIC’s website at: http://www.opic.gov/doing-business-us/OPIC-policies/where-we-operate.

23. Does OPIC require the fund/vehicle’s portfolio companies/projects/borrowers to be domiciled in OPIC eligible countries?

No, OPIC does not require the portfolio company or equivalent to be domiciled in an OPIC eligible country. However, the substantial majority of a portfolio company’s business must be generated in OPIC eligible countries.