

INNOVATIVE FINANCIAL INTERMEDIARIES PROGRAM (IFIP)

FREQUENTLY ASKED QUESTIONS

IFIP Application and Review Process

- 1. Is there a recommended length for the response to the questionnaire? May we include figures (e.g. investment process, pipeline development) in the questionnaire where appropriate? Many of questions repeat content from the pitch book, so should the questionnaire only provide a summary or should it provide all of the necessary details?**

The questionnaire is required for submission and it is the primary component of the application package that OPIC uses in its evaluation of each applicant. Responses should contain only as much relevant detail to sufficiently answer each question. Failure to adequately answer questions or to use the format provided may delay the reviewing of the application or could lead to a decision by OPIC not to engage further. There is no recommended length for the response to the questionnaire and applicants may include any figures that they deem to be appropriate.

The pitch book and structure of the fund/vehicle are also required, but are secondary components of the application package. There is no standard template for these two items; therefore, unlike the questionnaire, they do not need to be (re)formatted or otherwise edited to meet an OPIC-specific form.

- 2. 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.

- 3. 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.

- 4. 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.

- 5. 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. Please note

that in order to upload a revised application, applicants will need to register for a new account. The same email address may be used, however applicants will be required to select a new username for each account.

IFIP Eligibility

6. 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).

7. 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.

8. 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.

9. 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 the fund manager/general partner/sponsor will be majority beneficially owned by U.S. Persons, **or** 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) U.S. corporations, partnerships, trusts, and similar entities that are more than 50% beneficially owned by U.S. citizens, or (c) foreign entities wholly owned by U.S. citizens.

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, is not majority U.S. - owned, 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.

10. 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 will be an important factor in determining whether to initiate a discussion with the applicant.

11. 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

12. 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); therefore up to \$33.3 million, provided that the applicant has met the US Participation Requirements referred to in Question 9.

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 9.

13. 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.

14. 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.

15. 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.

16. 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

17. 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.

18. 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

19. 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: <http://www.opic.gov/doing-business-us/OPIC-policies>.

20. 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>.

21. 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.