OPIC and the Information & Communications Technology (ICT) Sector

Alexander Hadden, Director, Structured Finance and Insurance
OPIC Development Priorities and Solutions

• **OPIC is the US Government’s Development Finance Institution.**

  - **Investment Finance**
    - Limited recourse, long-term finance for private sector, commercial projects
    - Loan amounts up to $250M per project
    - Specific programs for providing finance to small-and-medium-sized enterprises

  - **Political Risk Insurance**
    - Protection against currency inconvertibility, expropriation and political violence, including terrorism, as well as other specialized coverage
    - Policy coverage up to $250M per project, up to 20 year term
    - Fixed premium, cancellable only by insured

  - **Investment Funds**
    - Senior debt for private equity funds selected by competitive process
    - Investment decisions made independently by selected fund managers
    - Provide up to $250M with bullet repayment, zero coupon structure

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• OPIC’s current ICT exposure is over $1 billion across 31 companies in 25 countries.

Capital Committed ($ millions)

Information Technology
• E-commerce
• Software development
• IT and business services

Infrastructure Share

Operator

# of Investments

Information Technology

Infrastructure Share

Operator

Operators – Voice and Internet
• DTH satellite TV
• TV and radio broadcasting
• Mobile voice and data (internet) networks
• Wireline broadband and triple play networks

Infrastructure Share
• Towers
• Data centers
• Submarine cables

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A Year in Review

2016: Focus on Asia

2017 and beyond: Opportunity in Africa
• Nearly a third of the global population resides in South Asia (1.7 billion) and Southeast Asia (644 million).

• These regions have more than half of the world’s 10 fastest growing economies, while the emerging economies of Brazil, Russia, China, Turkey, and South Africa have slowed.

• Internet penetration rates in these regions remains below the global average, outperforming only Africa.

India: Fixed Wireless Broadband

Expansion of low-cost and rapidly scalable wireless broadband networks across India, a country that lacks widespread broadband service due to poor wireline infrastructure.

Myanmar: Telecom Towers

Only 3.0% of Myanmar’s 50 million residents had access to mobile phones in 2011. After sector deregulation and investment, the mobile penetration rate increased to about 75%.
Lessons Learned

• Find aligned capital (grant, equity, debt, other). Understand limits and strengths of these parties as long-term partners.

• Be self-critical on bankability of project and address head on:
  – Project-based versus corporate loan.
  – Assets probably worth $0. Focus on proving out cash flow.
  – Lenders prefer contracts and partners to ‘go it alone’ and market risk.

• Maintain strong relationships with regulators and policy makers.
Thank you!

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