



## OPIC Investment in Southeast Asia

### *Existing and Pipeline Projects\**

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#### Overview

OPIC supports private sector investments in Southeast Asia by offering capital and risk mitigation tools, including financing (from large structured finance to small business financing), political risk insurance, and support for private equity investment funds. **Since 1974, OPIC has committed more than \$6.6 billion to advance over 438 projects in Southeast Asian countries.** Historically, OPIC has focused its financial solutions in Southeast Asia on three critical sectors: infrastructure development (including housing, energy, and telecommunications), renewable resources (including renewable energy, agriculture, water, energy efficiency, and forestry), and microfinance and credit for small and medium enterprises (SMEs)

In May 2011, OPIC hosted an international investment conference in Jakarta, Indonesia titled *Access to Opportunity in Southeast Asia*. The conference drew more than 300 participants from around the world, connecting local partners and U.S. investors.

In November 2012, President Obama announced The US-Asia Pacific Comprehensive Partnership for a Sustainable Energy Future. The Partnership will offer a framework for consolidating and expanding energy and environmental cooperation across existing regional forums to advance efforts to ensure affordable, secure, and cleaner energy supplies for the region. As a key member of that Partnership, OPIC pledged to provide up to \$1 billion for sustainable power and energy infrastructure projects in the Southeast Asia region.

#### Sample Projects

OPIC's portfolio in Southeast Asia currently totals nearly **\$767 million across 37 projects, including:**

- **Forestry** – \$900,000 in political risk insurance for Terra Global Capital for a Reduced Emissions from Deforestation and Forest Degradation (REDD) project. Deforestation is the second-leading contributor of carbon emissions worldwide, after the burning of fossil fuels, and accounts for more carbon emissions than the global transportation sector. Through the sale of carbon offset credits, this project is expected to generate a 30-year income stream to help the government of Cambodia and local community groups fund activities, like community forest patrols and water resource development projects, that reduce deforestation. The project is protecting 64,318 hectares (158,865 acres) of forest in one of Cambodia's poorest provinces, Oddar Meanchey, which is also suffering from the highest rate of deforestation in the country. As a result of its programs, the project is expected to sequester approximately 8.7 million metric tons of CO<sub>2</sub> emissions, conserve endangered biodiversity, and help local communities create jobs. OPIC's provision of political risk insurance for this REDD project was awarded the Sustainable Forestry Transaction of the Year by Environmental Finance Magazine. The award recognizes "excellence in the application of capital markets know-how to addressing the world's environmental problems."
- **Microfinance** - \$933,000 in financing to the ASA Philippines Foundation to provide much needed capital in order to provide micro loans to low income borrowers. The project will encourage private sector development and provide significant downstream benefits to consumers and suppliers by targeting micro-entrepreneurs.

- **Renewable Resources** – \$250 million in financing for SunEdison to develop 51 photovoltaic solar plants, and more than double its installed solar capacity in Thailand. This first-of-its-kind project will accelerate the growth of the solar industry in Thailand, by financing a large number of solar plants together with local banks. The plants will range in size from one megawatt (MW) to 50MW and, taken together, will generate 520MW of renewable energy for Thailand’s national grid. Through this project, OPIC is supporting Thailand’s goals of shifting to clean, renewable sources of power.”
- **Infrastructure (Power)** – \$250 million in political risk insurance for bonds issued by the National Power Corporation (NAPCOR) of the Philippines. The bonds are funding NAPCOR’s continued efforts to expand the reach and improve the reliability of its electrical provision services. The bond offering was made possible by National Power Corporation’s movements towards privatization.
- **Microfinance** – \$14 million in financing to support the growth of Bank Danamon’s microfinance program, Danamon Simpan Pinjam (DSP), which focuses on small traders and micro-entrepreneurs. Banka Danamon is hoping to open an additional 157 new DSP outlets, offering better service and access to potential clients. With Indonesia poised for strong economic growth, enabling microentrepreneurs to play an important part in that growth will ensure that Indonesia has a strong foundation for its economy.

### Projects in the Pipeline

OPIC is currently completing due diligence on several projects in Southeast Asia, including:

- **Microfinance** – Financing to support the growth of a Cambodian microfinance institution’s lending portfolio, a key sector for growth and economic opportunity in emerging markets.
- **Renewable Resources** – Financing for a renewable resources fund that targets low carbon and sustainable ventures in the lower Mekong region of Viet Nam, Laos and Cambodia. The Fund intends to invest in (1) environmental sustainability sectors such as water supply, waste water and solid waste management, and sustainable forestry; (2) renewable energy sectors like wind, small hydropower, solar, and biomass; and (3) energy efficiency projects like renovations to industrial facilities.
- **Food Security** – Financing for a food processing plant in the Philippines. The new factory will produce cheeses which will be sold within the Philippines and exported to other Asian countries, where local dairy production is limited and demand for cheese is high.

*OPIC is the U.S. Government’s development finance institution. It mobilizes private capital to help solve critical development challenges and in doing so, advances U.S. foreign policy. Because OPIC works with the U.S. private sector, it helps U.S. businesses gain footholds in emerging markets catalyzing revenues, jobs and growth opportunities both at home and abroad. OPIC achieves its mission by providing investors with financing, guarantees, political risk insurance, and support for private equity investment funds. Established as an agency of the U.S. Government in 1971, OPIC operates on a self-sustaining basis at no net cost to American taxpayers. OPIC services are available for new and expanding business enterprises in more than 150 countries worldwide. \*Data current as of September 30, 2012.*