



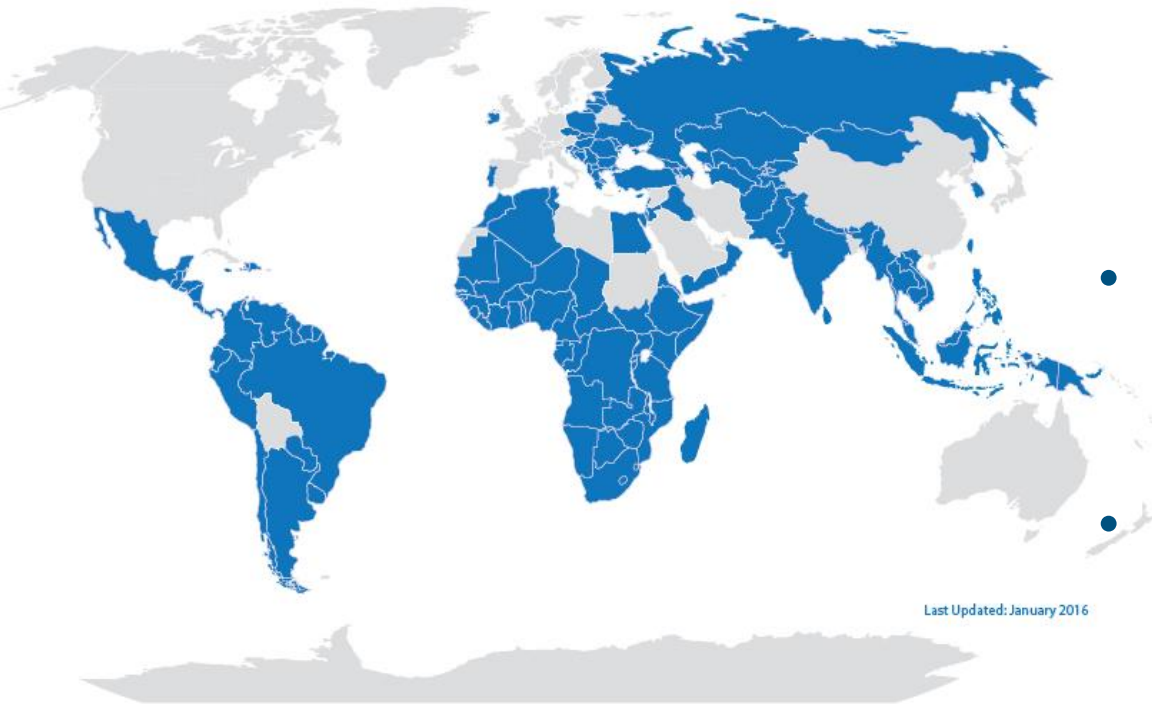
Overseas Private  
Investment Corporation

# The US Support for African Capital Markets

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12 April 2018

# OPIC Portfolio



Last Updated: January 2016

- *OPIC currently manages a \$23 billion portfolio of projects across 100 countries.*
- *One-Quarter of OPIC's portfolio is invested in Sub-Saharan Africa*
- *In 2017, OPIC committed over \$600 million to the region across 22 projects*
- *Almost \$2.4 billion for Power Africa projects*

# Power Africa



## U.S. Government Initiative Across 12 Different Agencies



### Power Africa to Date:

- Supported 88 Projects
- 7,400 Megawatts of Power
- 11.8 million Households
- 58 million People

### OPIC and Power Africa:

- Surpassed \$2.4 Billion to Date
- Utility Plants to Off-Grid Solar
  - 50 MW Plant in Guinea



# African Capital Markets

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## Domestic Capital Markets

- Denominated in Local Currency
- Limited to Shorter-term Tenors
- Shielded from FX Volatility
- Future Market Liquidity and Interest Rate Risks

## International Capital Markets

- Longer-term Tenors
- Typically Lower Interest Rates
- Denominated in Hard Currency
- Exposed to FX Market Risks

# Microfinance Foreign Currency Exchange

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- Established in 2008 by Consortium of Microfinance Investors
- Serves as Intermediary Between Clients and Hedge Providers
- Since 2009, MFX has:
  - Hedged \$1.8 billion in Microfinance Loans
  - Executed over 1600 Transactions
  - Supported 1.5 million Micro Borrowers in 52 Currencies
- Almost One-Fifth of Portfolio Supports Loans in Sub-Saharan Africa
- Supported by OPIC (\$168M) and FMO (\$20M) Guaranty

# How to Improve African Capital Markets

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How to Facilitate Access to Longer-Term Capital Without Imposing Exchange Rate Risks

## In More-Developed Markets:

- Seek to Catalyze Local Investor Co-Participation
- Serves as Anchor Investor in Client Bond Issuances

## In Less-Developed Markets:

- International Sources of Capital
- Effective Allocation of Risks
  - DFIs Assume Client Credit Risks
  - Specialized Entities (TCX) Assume Exchange Rate Risk

# OPIC 2X Women's Initiative

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- Mobilize \$1 billion in capital to invest in the world's women and unlock the multi-trillion dollar investment opportunity.
  - OPIC will directly invest \$350 million to provide access to finance, jobs and services that enhance economic opportunity for women around the world.
- Apply a gender lens to the existing investment strategy to ensure that every OPIC-dollar invested contributes to gender equitable change.
  - Understand gender patterns and their impact on financial performance.

# OPIC



[www.opic.gov](http://www.opic.gov)



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