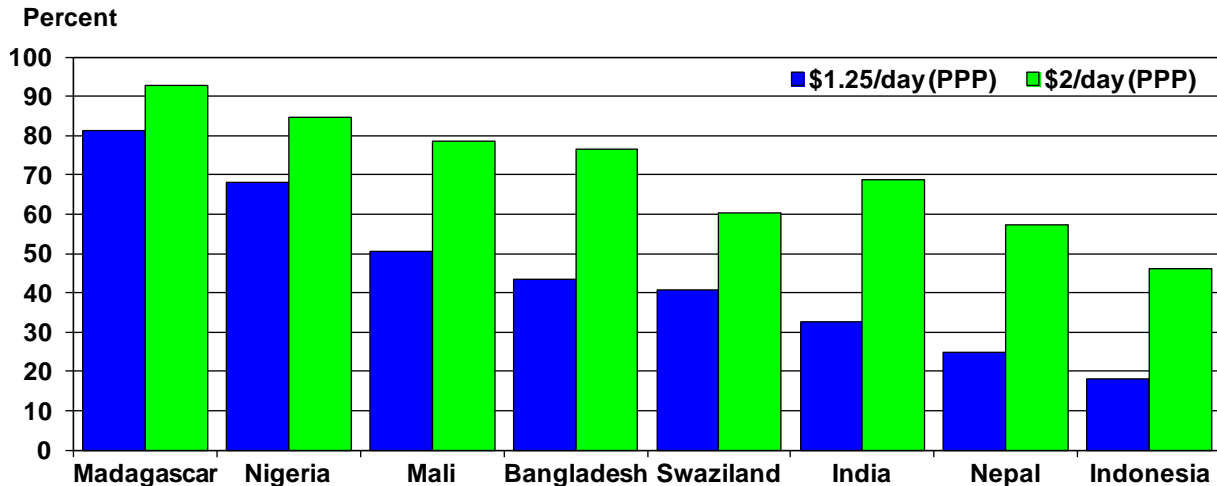


Rampant poverty around the globe

Poverty rate in selected countries, 2010



Source: World Development Indicators.

Thrifty donors: Aid is a small percentage of national income

Official development assistance, 2010



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Country	Net given (\$US billion)	Percent of GNI (%)
Norway	4.6	1.10
United Kingdom	13.8	0.56
France	12.9	0.50
Germany	12.7	0.38
Canada	5.1	0.33
United States	30.2	0.21
Japan	11.0	0.20

U.N. target is 0.7%

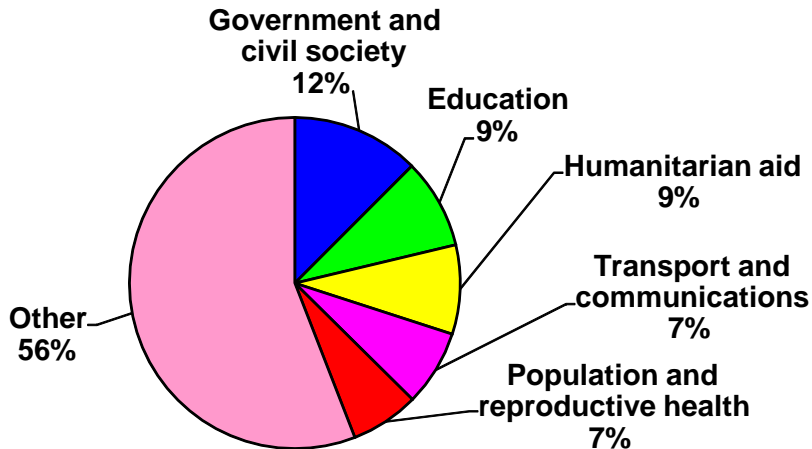
Aid by major purposes

Official development assistance, 2009



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Total gross disbursements: US\$148 billion



Source: OECD.

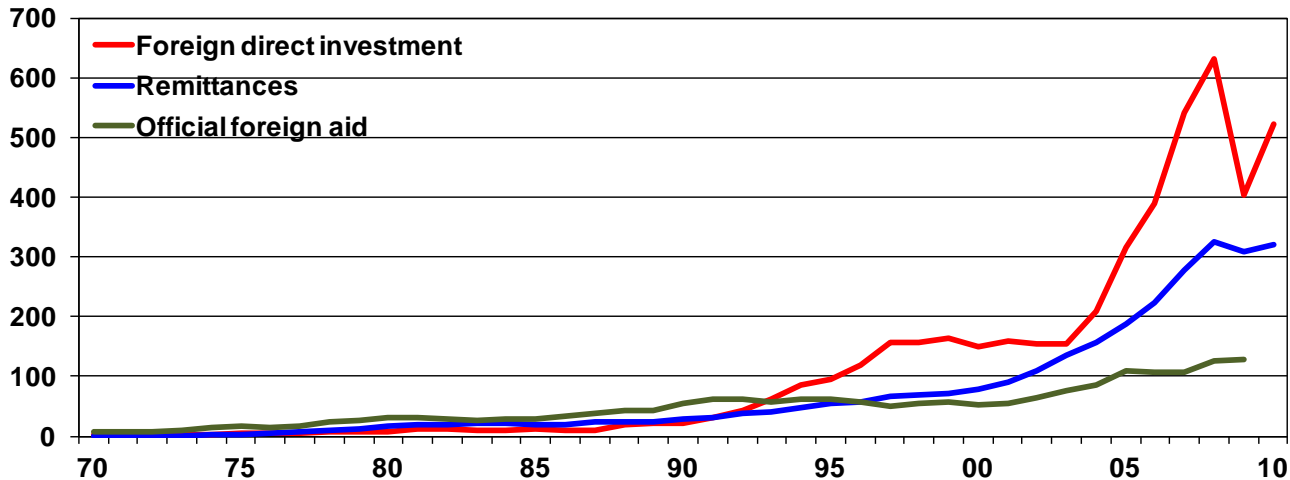
Foreign aid continues to grow at a slow pace

Low and middle income countries, 1970-2010



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Current US\$ billion



Note: 2010 data is not available for foreign aid.

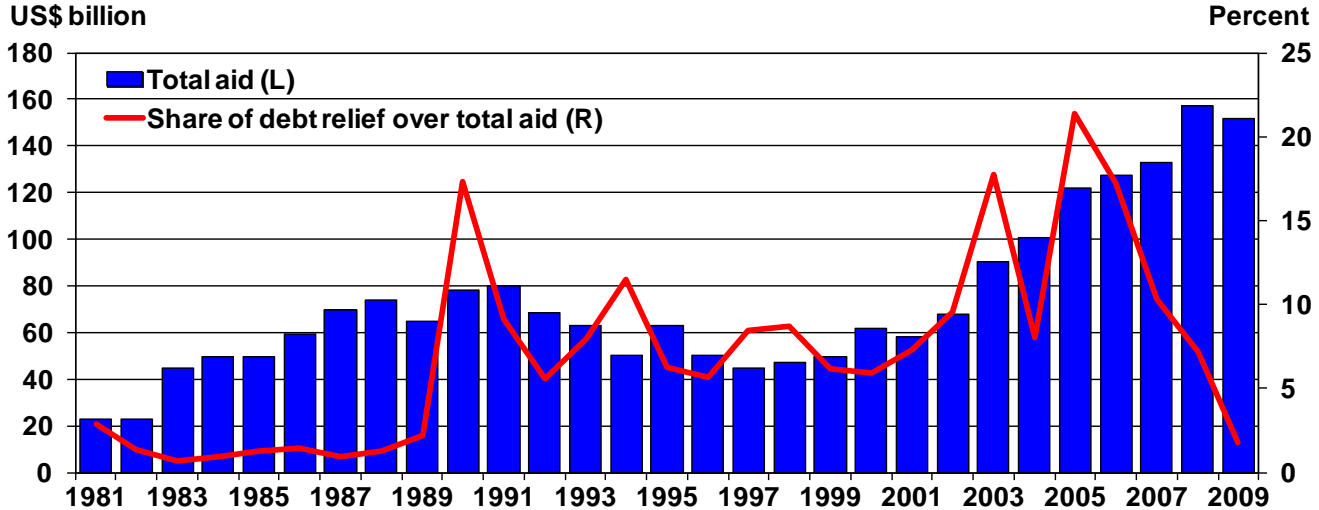
Source: World Development Indicators 2011.

Debt relief is sharply down from the 2005 peak

All donors' aid commitments, 1981-2009



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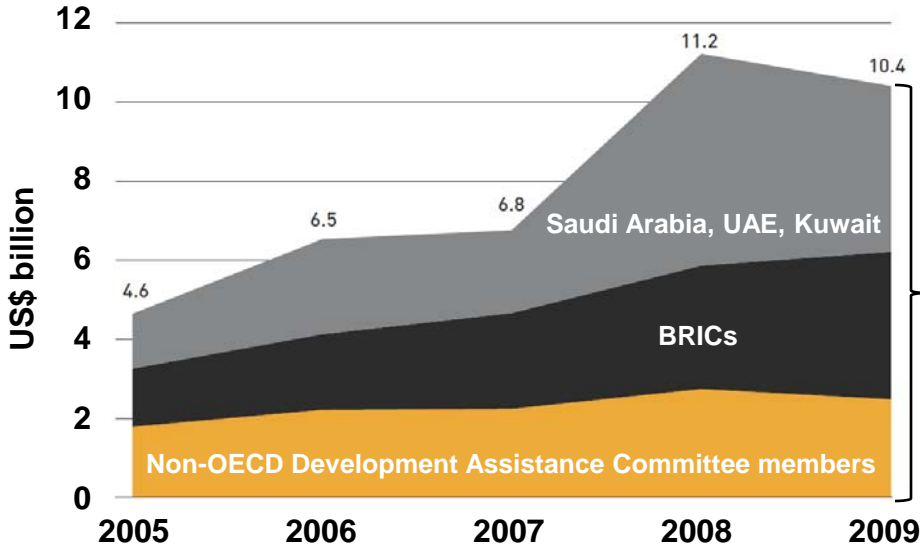
Source: OECD.

Developing countries join the donor club

Foreign aid, 2005-2009



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Together, they gave more than 8% of total foreign aid.

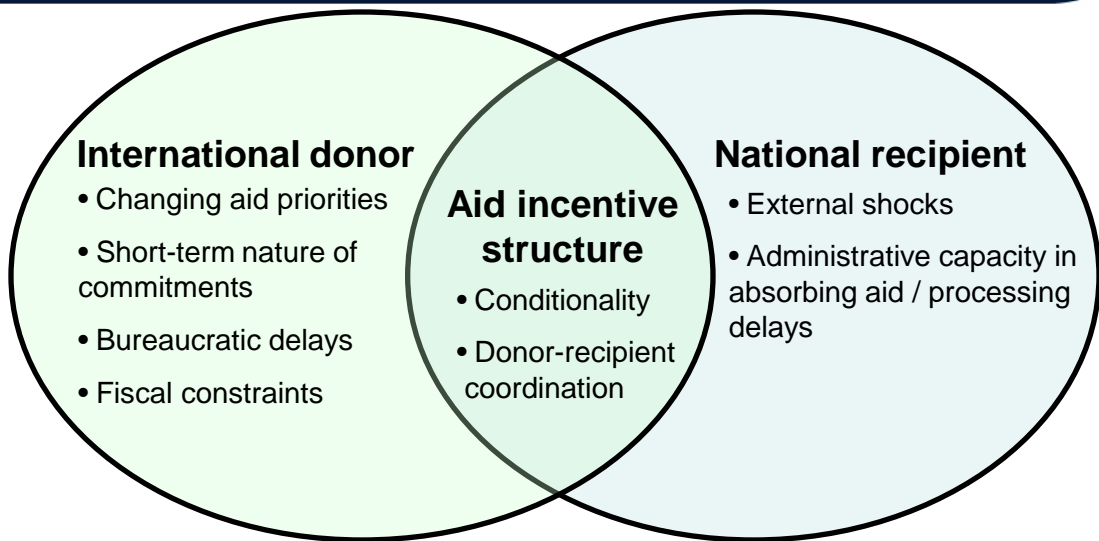


“Existing foreign aid programs and concepts are largely unsatisfactory and unsuited for our needs and for the needs of the underdeveloped world.”



U.S. President John F. Kennedy
November 3, 1961

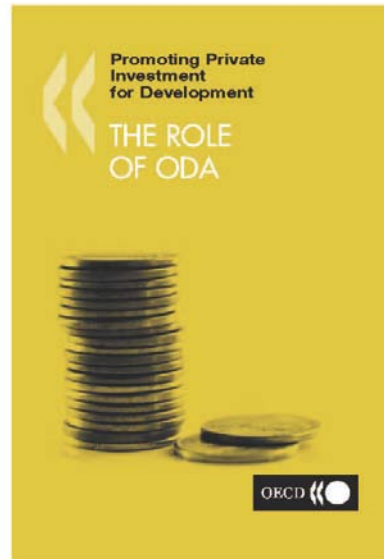
Reasons for aid unpredictability



Promoting private investment through aid

Key objectives:

- Lower the costs of doing business.
- Reduce investment risks.
- Improve competition to enhance productivity.
- Develop capacity of public and private sector stakeholders to engage in political process and to implement policy reforms.



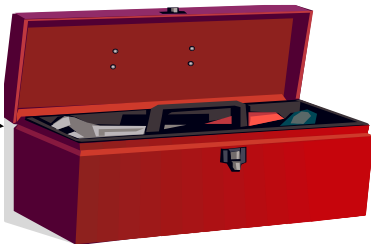
Responsible investments toolbox

BELOW-MARKET-RATE TOOLS

- Grants
- Recoverable grants
- Guarantees / credit enhancement
- Below-market loans
 - Revolving loan funds
 - Gap financing
 - First-loss loans
- Community development venture capital

MARKET-RATE TOOLS

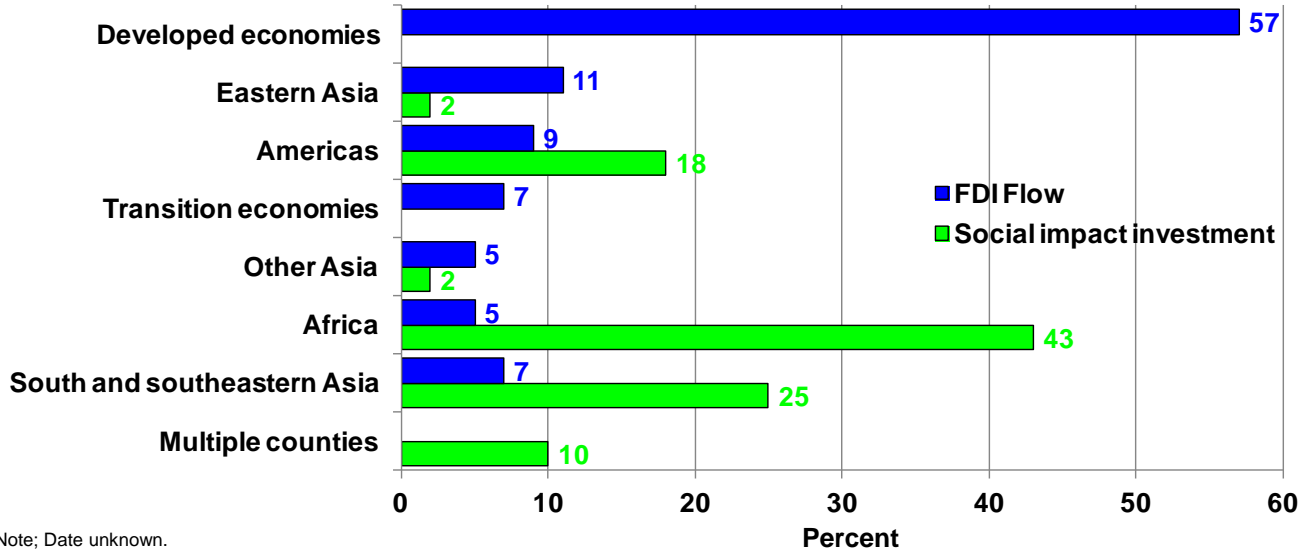
- Cash (deposits)
- Loans
 - Senior
 - Subordinated
 - Guarantees
 - Loan funds
 - Line of credit
- Fixed income
 - Bonds
 - Bond funds
 - Asset-backed securities
- Public equity
 - Screened funds
 - Direct public equity
 - Shareholder engagement
- Alternative assets
 - Direct private equity
 - Private equity funds
 - VC funds
 - Fund of funds
 - Buyout funds
 - Hedge funds
 - Real estate
 - Natural resources



Social impact investments are made in places lacking foreign funds



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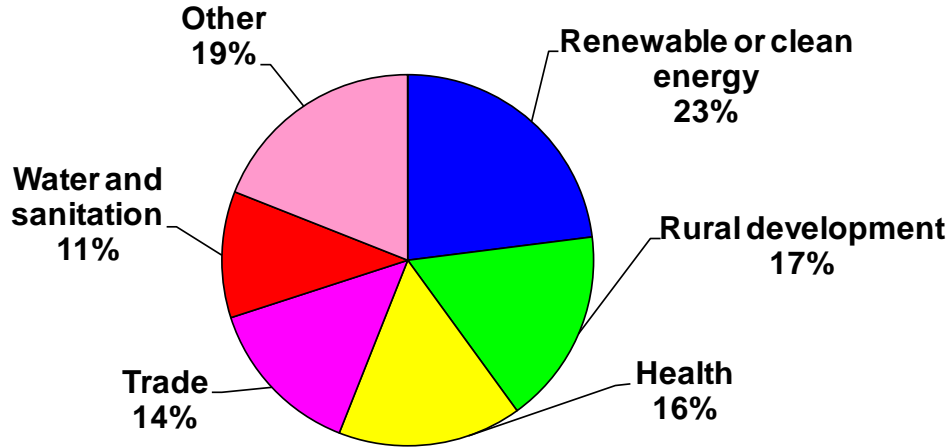


Note: Date unknown.

Source: Center for Global Development.

Diversity of social impact investments

Distribution by sector



Note; Date unknown.

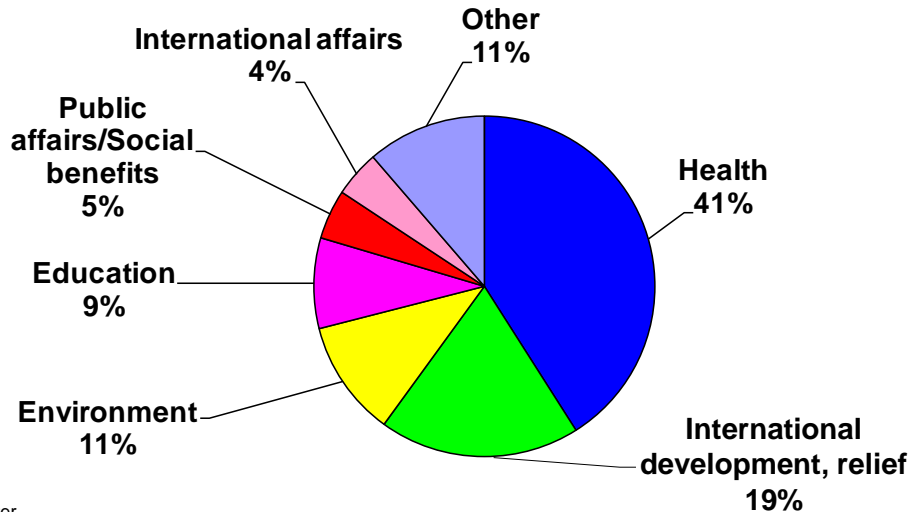
Source: Center for Global Development.

U.S. foundations awarded 41 percent of their international grants to the health sector

2010

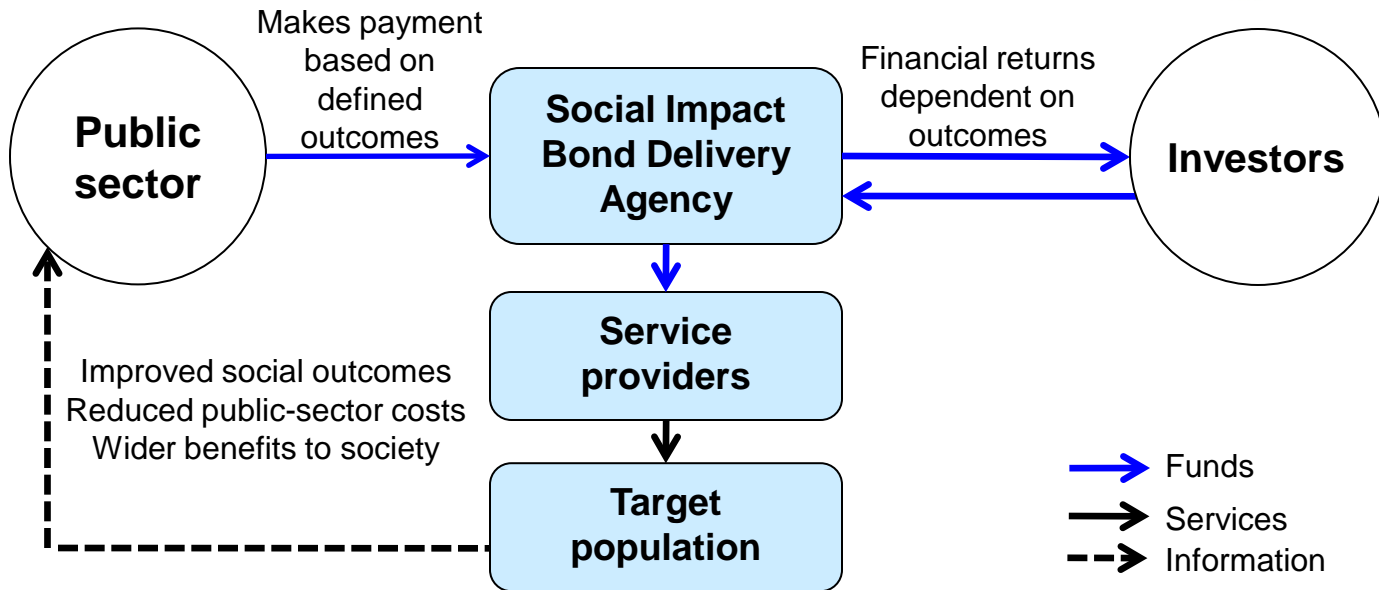


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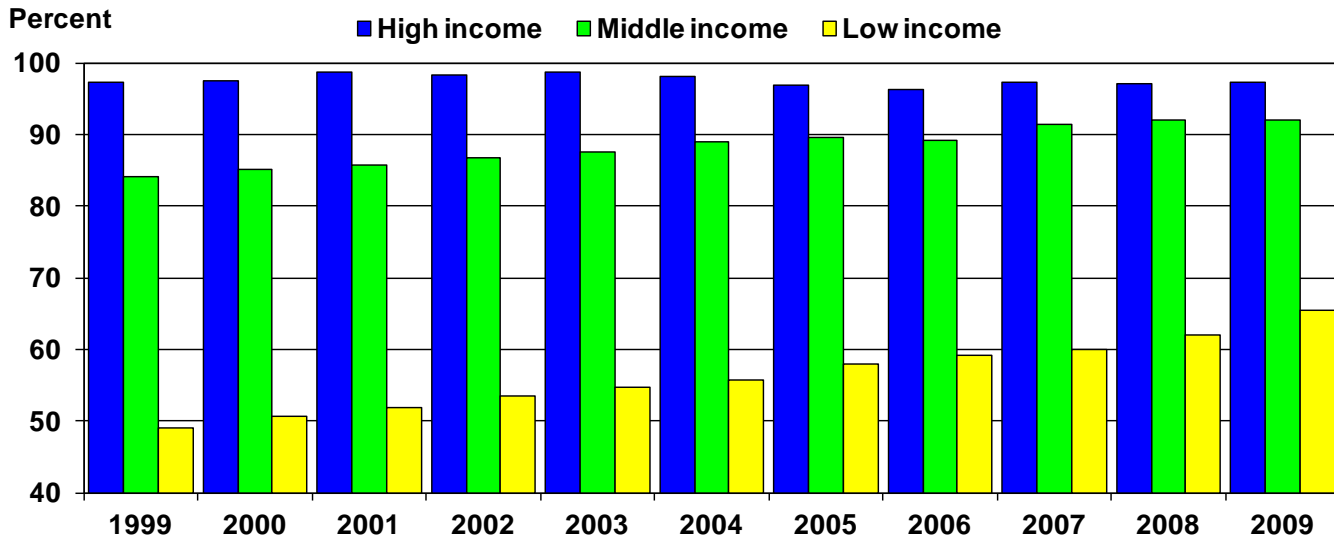
Source: Foundation Center.

Social Impact Bonds



Universal primary education by 2015?

Primary school completion rate, 1999-2009



Source: World Development Indicators 2011.

One Laptop Per Child: Private solution to universal basic education?



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- To empower the children of developing countries by providing each of them with a rugged, low-cost, low-power, connected laptop.
- OLPC has produced laptops for roughly 2 million children around the world (as of March 2011).



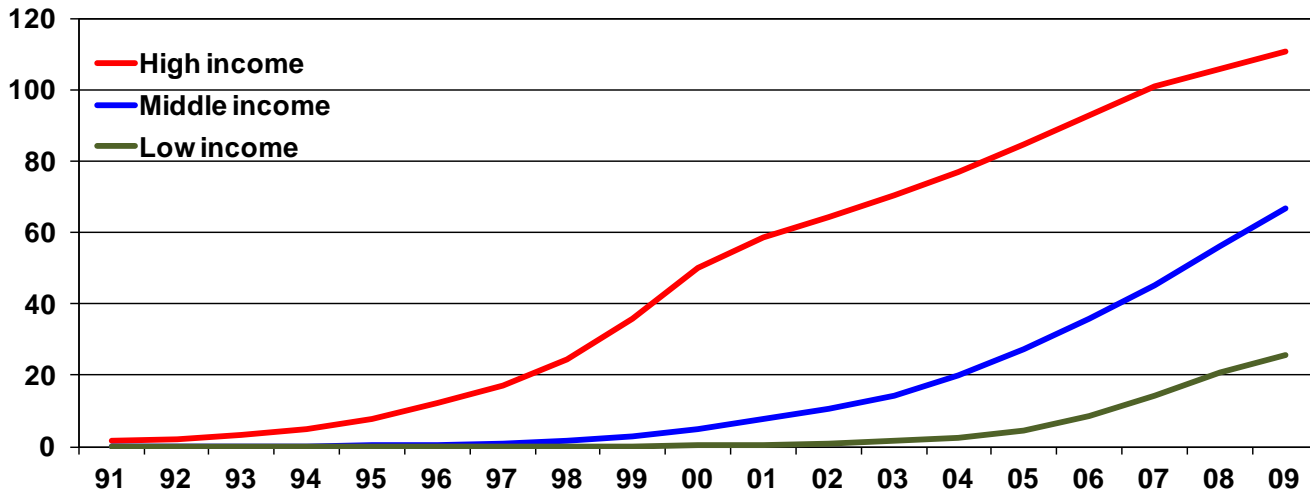
Increased access to cellular technology

Mobile cellular subscriptions (per 100 people), 1991-2009



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Per 100 people



Source: World Development Indicators 2011.

**The
Economist**

ISSN 0950-0804 OCTOBER 2010 360p

economist.com

Obama's foreign-policy overlead
Paying to protect forests
Just say nein to Opd
How business schools should change
Reading the new bull market

The power of mobile money

A special report on telecoms
in emerging markets



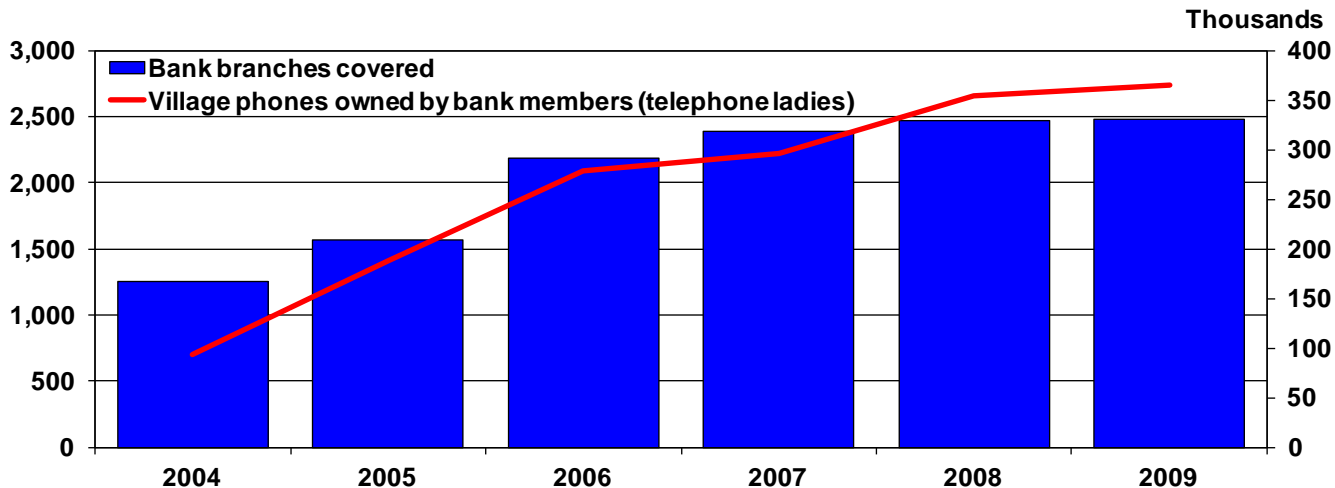
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Becoming Telephone Lady of the village

Grameen Bank's "Village Phone" program, 2004-2009



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Source: Grameen Bank.

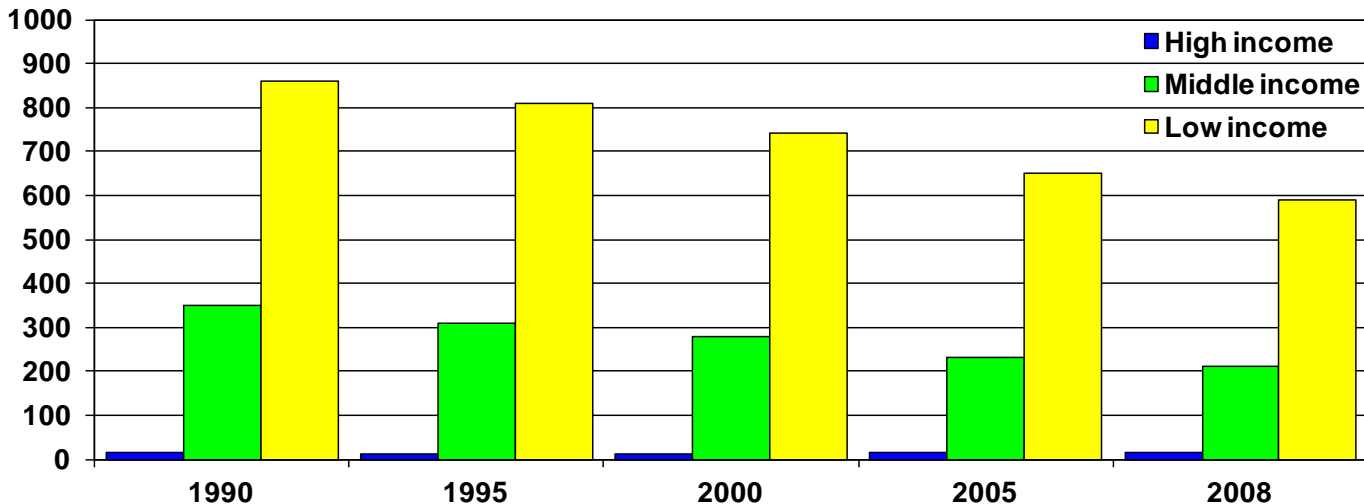
Maternal deaths in the developing world: On decline but still a serious threat

Maternal mortality ratio by country income group, 1990-2008



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Per 100,000 live births

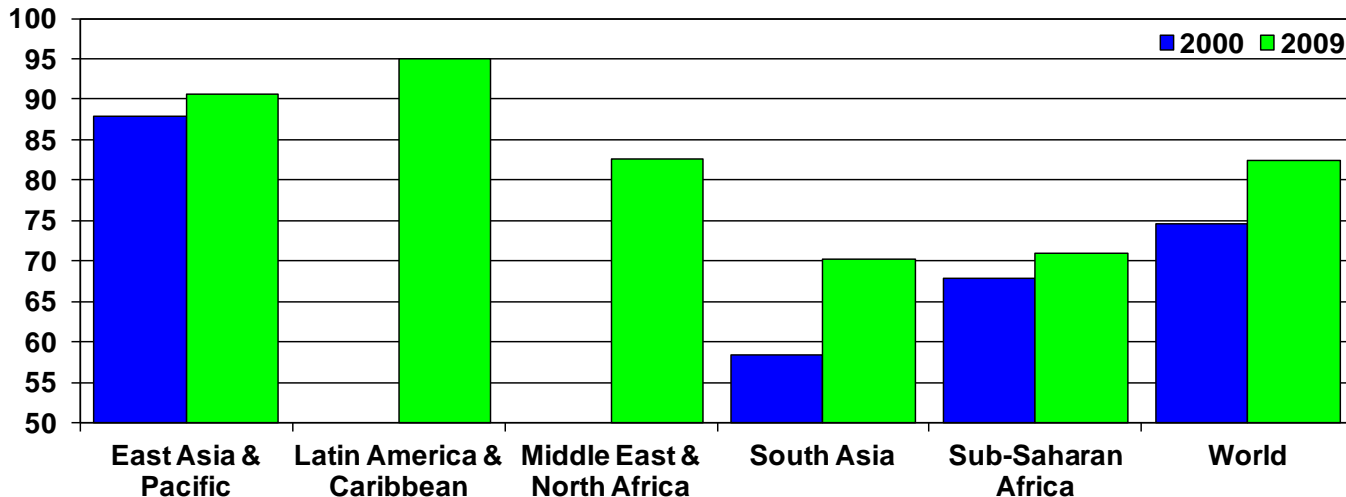


Source: World Development Indicators 2011.

Prenatal care lowers the risk of maternal death

Pregnant women receiving prenatal care, 2000 vs. 2009

Percent



Note: 2000 data is not available for Latin America and Caribbean, Middle East and North Africa.

Source: World Development Indicators 2011.

Affordable prenatal care is key to improving maternal health in poor countries

- Improving maternal health is no. 5 of the U.N. Millennium Development Goals.
- U.S. Agency for International Development, for example, funds Jhpiego's work in developing an inexpensive and reliable self-test for early detection of pre-eclampsia.



Here's How It Works





About Calvert Foundation

- For over 16 years, Calvert Foundation has been a pioneer in offering investment that delivers a financial and social return.
 - Over \$500 million under management
 - More than 6,000 investors
 - Investment in more than 200 organizations around the world
 - No investor has ever lost money
 - Portfolio losses of less than 1.2%

20,000 homes built/rehabilitated

528,000 jobs created

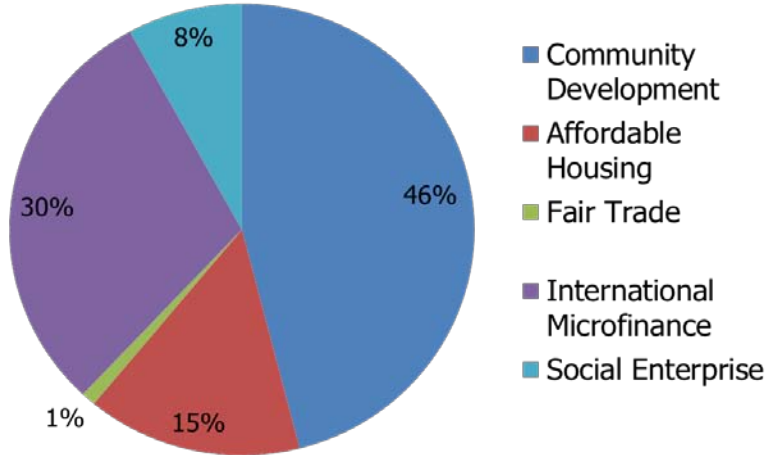
27,000 FACILITIES/SOCIAL ENTERPRISES FINANCED

304,000 microenterprises launched

Global Portfolio



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WIN-WIN



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- On March 8th, we launched the Women INvesting in Women INitiative:
 - Raise \$20 million from women – and those who care about women
 - Place this money (75% U.S., 25% internationally) with organizations that empower women, provide services for women, are women-led/run, or are making a commitment to increase services/products for women
 - Investing in women is smart economics because it has a multiplier effect – women are more likely to reinvest income in their family, health, and their community.





Trend 1: The need for a new model



**Motohisa
Furukawa**

Japanese Economic Minister

The Search for a New Growth Model

At Davos, Debating Capitalism's Future

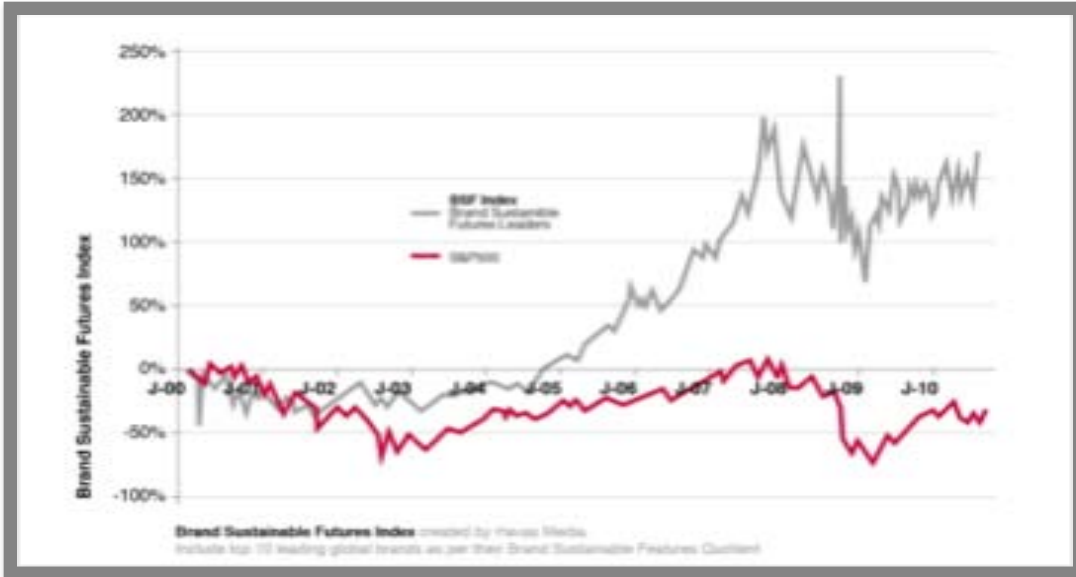
By ED MILIBAND

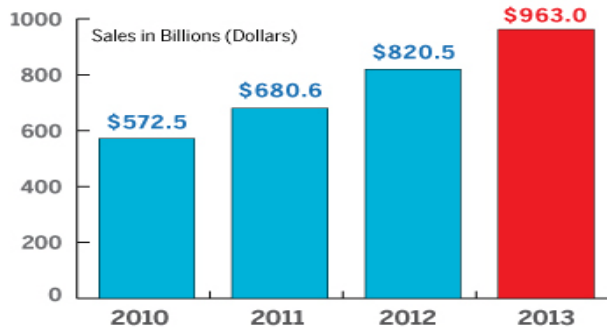
Published: January 26, 2012

Bloomberg

Capitalism Seen in Crisis by Investors

Trend 2: Meaningful Brands





Global e-commerce sales are growing at more than 19% a year

Worldwide retail web sales will reach nearly \$1 trillion by 2013, predicts Goldman Sachs. E-commerce is growing at 19.4%, the investment bank says.

Source: Goldman Sachs, Sales in billions of dollars.

- 0.5% of these online sales would provide a daily meal in school to children who need it. Worldwide.
- Create benefits for consumers and brands.

Fit between the cause and the brand





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Overseas Private Investment Corporation

Milken Institute

May 1, 2012

John E. Morton

Vice President of Investment Policy

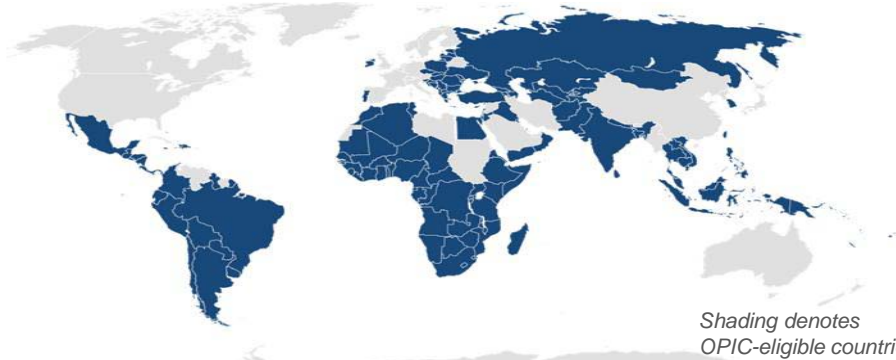
***Joining Forces in the Fight Against Global Poverty:
Leveraging Government Funding to Attract Private Investment***

The Agency



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As the U.S. Government's development finance institution, OPIC mobilizes the participation of U.S. private capital to support sustainable economic development in emerging markets



OPIC currently manages a ~\$14.5 portfolio of projects in over 150 countries and operates on a self-sustaining basis *at no net cost to the American taxpayer*

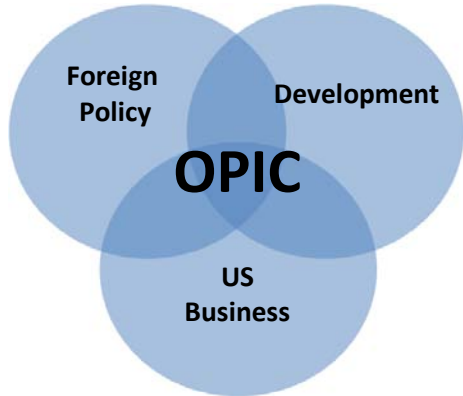
OPIC & US Government's Development Strategy



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OPIC plays a key part of the USG's development strategy

OPIC's Unique Position



Administration Priorities

"We're changing how we define development...we need to harness all the tools at our disposal—from our diplomacy to our trade and investment policies."

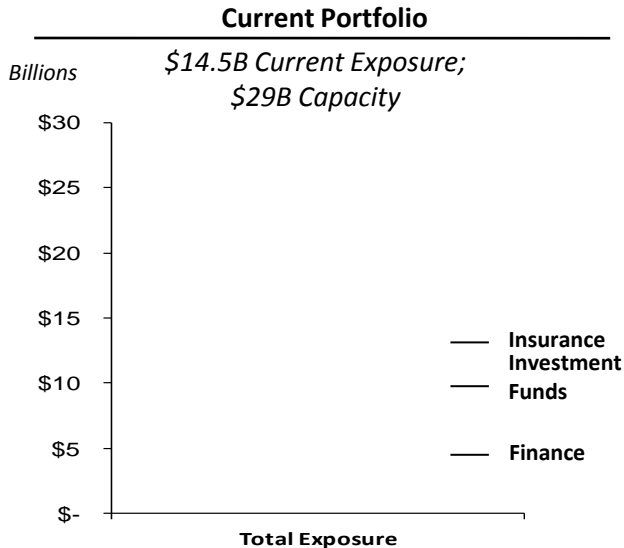
President Obama

Key Figures

Total Staff	220
Eligible Countries	> 150
Historical Development Impact	
– Projects Supported	4,000
– Investment Mobilized	\$188B
– Capital Mobilized	1:2.7
FY 2011 Figures	
– Projects Approved	92
– Commitments	~\$3.2B
– Contribution to Budget	\$250M

OPIC's Portfolio & Products

Over \$14 billion in commitments and with significant room for growth



■ Investment Finance

- Limited recourse, long-term finance for private sector, commercial projects
- Loan amounts up to \$400M per project
- Specific programs for providing finance to small-and-medium-sized enterprises

■ Political Risk Insurance

- Protection against currency inconvertibility, expropriation, political violence, including terrorism
- Coverage up to \$400M per project, 20 year term
- Fixed premium, cancellable only by insured

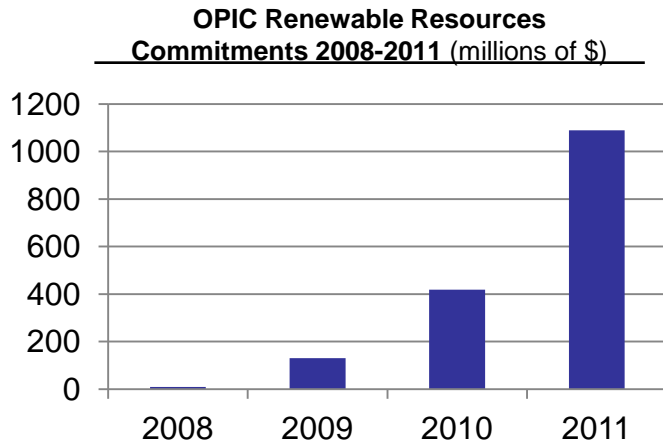
■ Investment Funds

- Senior debt for private equity funds selected by competitive process
- Investment decisions made independently by selected fund managers

OPIC's Support for Climate Finance in Emerging Markets

OPIC nearly tripled 2010 volumes – committing \$1.1 billion of new financing/insurance for renewable energy projects and approving \$500M to 5 private equity funds.

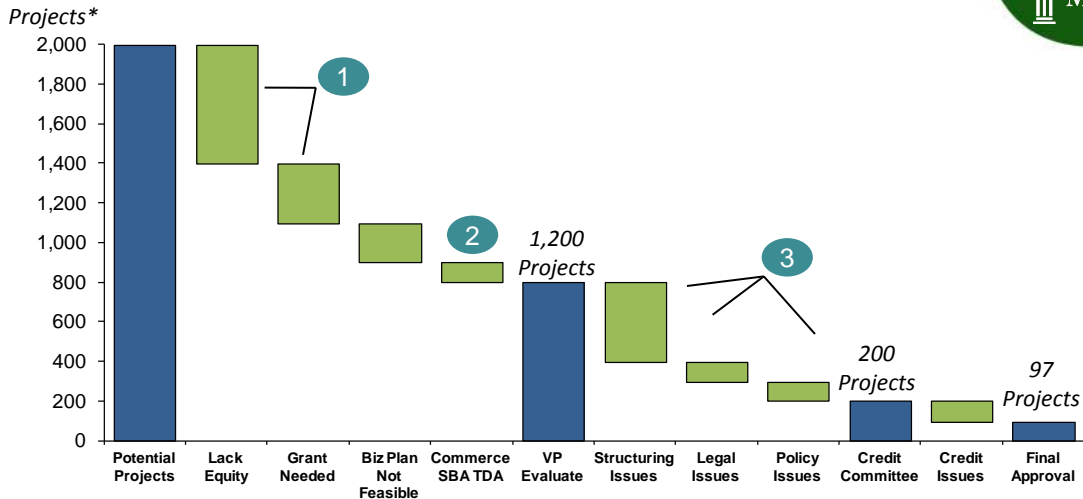
- OPIC renewable resources commitments have grown from under \$10 million in 2008 to **\$1.1 billion in 2011.**
- These commitments should leverage an additional **2.4 billion in external/private capital.**
- OPIC's contribution to USG Fast Start Financing commitments **increased more than seven fold** – from \$155 million in 2010 to 1.1 billion in 2011.
- Based on commitments, OPIC's 2011 projects will result in:
 - 931,000 tons of CO2 emissions avoided; and
 - 728 MW of renewable energy generated



OPIC Drivers of Project Attrition in 2010 Pipeline



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1 Most potential projects fall out of pipeline due to **lack of equity** (potential assistance from AID and other grant agencies)

2 **Less than 5%** of potential OPIC clients warrant referral to Commerce, SBA, or USTDA

3 **Nearly 70%** of screened deals fall **through** during project structuring and final legal/policy clearances

Food for Thought: Barriers to Catalyzing \$\$\$



Barriers exist at both the macro- and micro-level. And both need attention.

Main Hurdles

- Enabling Environment
- Sourcing/Deal Flow/Aggregation
- Alignment of public financing tools
- Execution capabilities

Macro/Systemic



Micro/Project



- ✓ Regulatory environment
- ✓ Governance Issues
- ✓ Utility counterparties
- ✓ Grid Infrastructure – connectivity
- ✓ PPA Structure
- ✓ Tariff Regime

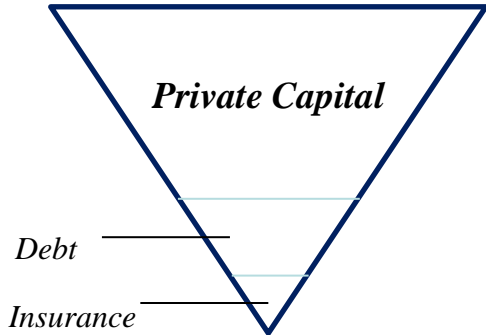
- ✓ Origination (Project Pipeline)
- ✓ Underwriting (Business Modeling, Structuring)
- ✓ Execution (Contracts, Projects)
- ✓ Project Development/Management
- ✓ Asset Management
- ✓ Operations and Maintenance

“Aligning” Public Capital

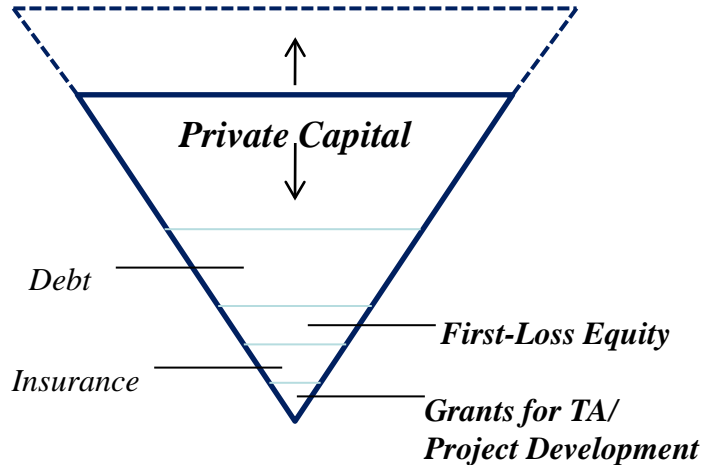


Given magnitude of challenge, alignment is essential to catalyze maximum private flows

Traditional OPIC Project Structure



“Highly Aligned” OPIC-Project Structure



Parting Thoughts



Lessons Learned – the OPIC experience

- Carefully sourced, structured, and monitored deals can accomplish financial and public policy objectives
- Be careful not to establish too many missions – maximizing against multiple objectives minimizes ability to achieve any one
- Avoid picking winners within or across industries
- Embed high level of transparency into process
 - Voluntarily adopt safeguards, thresholds, etc. before they are forced on you
 - Carefully track the impact of each project (financial and otherwise) to determine effectiveness
- One of primary goals should be to catalyze private flows – therefore, seek to align existing public resources and authorities
- Stop talking, start doing