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The Overseas Private Investment Corporation - Examining Energy Deals Through A Gender Lens

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A decade ago, the Overseas Private Investment Corporation's (OPIC) debt investments and political risk insurance coverage for energy projects in emerging markets truly began to take off. Since then, we have committed over \$10 billion across 34 countries. The size, scope, and technologies we have supported have run the gamut from large utility-scale to small offgrid projects and include solar, wind, biomass, geothermal, small hydro, and thermal power. We have utilized flexible and innovative financing tools to back highly developmental projects and support American business expanding into challenging markets.

Yet in that decade, we've seen few energy deals that were managed and directly owned by women or which had actively engaged women-owned businesses to participate in their supply chains. In addition, most projects did not specifically address the needs of women workers or women customers in the planning, construction, management and operation of the projects. This lack of women in a key sector of focus for OPIC occurred in

spite of numerous studies that link women participation in the energy sector with better business performance, improved energy access, affordability, service quality, and reliability. Further, ripple effects are seen in improved health and safety, income levels, education levels, economic productivity, and employment.

It has become clear to us that women are significantly underrepresented in the power sector and that underrepresentation is likely to inhibit business growth at the level and scale we have seen to date. The energy sector, with some of the lowest levels of female participation worldwide, has women participating in less than 20 percent of the workforce and lower than 15 percent of senior management. Given this disparity, OPIC has a firm resolve to support utility-scale and off-grid projects in which women have a voice in senior management or could benefit from downstream opportunities, so that we can be a catalyst in reducing the gender gap.



Last year, OPIC sought ways to address this gender gap in a more deliberate and far-reaching way. In March 2018, OPIC launched the 2X Global Women's Initiative ("2X") with a commitment to enhancing women's status in the business world by economically empowering female entrepreneurs, leaders, employees, consumers and investors. We set a lofty target to support \$1 billion in investments in 2X projects in our first year of the initiative. We surpassed our goal and mobilized over \$1.4 billion across multiple sectors, including the financial services, agriculture, health care, and power sectors. Projects qualify under OPIC's 2X program through one or more criteria. The project should evidence: 1) women's entrepreneurship defined either by the share of women ownership or by a business founded by a woman, 2) women's leadership in senior management or board positions, 3) women's employment in the workforce and purposeful policies for providing jobs, skills, and services to women involved in the project, 4) women's consumption defined as a product or service specifically designed to benefit women consumers, or 5) investments through financial intermediaries including on-lending facilities or funds that meet at least one of the criteria described above.

We have taken our commitment to the international stage, joining forces with our development finance institution (DFI) counterparts to advance women's economic empowerment. First, OPIC helped to establish the 2X Challenge, which calls upon the DFIs at the G7 to collectively commit to mobilize \$3 billion to create opportunity to empower entrepreneurs, employees, and customers. Similarly, OPIC and IDB Invest have partnered to create "Fund Mujer" to support private equity funds

that benefit women's economic empowerment in Latin America and the Caribbean. These programs are still in their early stages, but the force of global development banks' commitment to these issues is a predictor of awareness, implementation, and success. OPIC believes we are at an inflection point for gender-smart investing. We see this as similar to the shift by DFIs 20 years ago to focus on environmentally-responsible investments. At that time, DFIs were an important part of proving out the market for renewable energy that attracted not just DFI capital, but crowded in private capital that then proved to larger pools of traditional investors that renewable energy markets were not just investable, but offer risk adjusted returns on par or above that of other assets. We see our role in 2X as doing the same for women-run, women-led, and women-supporting businesses.

As related to the power sector, the goal of supporting projects that empower women has been a challenge, and has required us to identify potential touch points for women to participate in transactions. The off-grid sector holds a great deal of promise. For example, some off-grid developers have determined that, when leasing off-grid systems, women are more likely to make timely payments and have stronger credit. Therefore, companies have geared their credit policies to providing access to capital and systems specifically for women. In other cases, where education of women in engineering is high, but employment of women in engineering is low, companies set workforce pipeline goals to bring in more women engineers and provide growth and mentorship opportunities ensure more women participation at all levels of the company.

In September 2018, OPIC committed \$25 million in financing to SunFunder's Solar Energy Transformation Fund LLC. This fund will provide loans to off-grid solar companies to help them meet their working capital, construction, inventory and structured finance needs to directly improve energy access and reliability to households and communities in Sub-Saharan Africa and Asia. This project qualified for 2X because of its female leadership. SunFunder's co-founder and COO is a woman, Audrey Desiderato, and two of its five Board Members are female. In addition, while many off-grid energy projects are not explicitly gender-focused, they are transformational for women and girls. Data demonstrating the impact on limited access to energy for rural and peri-urban women and girls is undeniable.



Image source: SunFunder



Image source: SolarNow

Our goal isn't simply to qualify a project as 2X and check a box. It is to push our clients and our partners to examine their own practices towards women as users and providers of electricity, to think about how they are creating a work-place environment that ensures the safety and wellbeing of their female employees, to conduct a gender gap analysis, and to create a gender action plan. We want our clients to look at new dimensions of

female participation, including how women are valued throughout the lifecycle of a project. At a minimum, we wish to plant a seed that OPIC cares about investing in and empowering women. We expect our clients to look inward at how their company's practices and their projects embody this priority and how they are moving to support and empower women as leaders and contributors at all levels of their business.

OPIC is actively looking for opportunities to support energy-related investments in women through three primary tools of debt finance, political risk insurance, and support for private equity funds. With energy as over a third of our portfolio and growing at OPIC, identifying bankable energy deals is critical for us to achieve our future 2X goals. We are always willing to review business plans and provide feedback to project sponsors.



The Overseas Private Investment Corporation (OPIC) is a self-sustaining U.S. Government agency that helps American businesses invest in emerging markets. Established in 1971, OPIC provides businesses with the tools to manage the risks associated with foreign direct investment, fosters economic development in emerging market countries, and advances U.S. foreign policy and national security priorities. OPIC helps American businesses gain footholds in new markets, catalyzes new revenues and contributes to jobs and growth opportunities both at home and abroad. OPIC fulfills its mission by providing businesses with financing, political risk insurance, advocacy and by partnering with private equity fund managers.

OPIC services are available to new and expanding businesses planning to invest in more than 160 countries worldwide. Because OPIC charges market-based fees for its products, it operates on a self-sustaining basis at no net cost to taxpayers. All OPIC projects must adhere to best international practices and cannot cause job loss in the United States.

Join our expert speakers at the Energy Storage Summit 2019 to discuss the latest news on standardization, compare battery technologies, meet financiers and investors and hear cutting edge project case studies.



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