

**GLOBAL CHALLENGES,
INNOVATIVE SOLUTIONS**



Overseas Private Investment Corporation

An Independent Agency of the U.S. Government
www.opic.gov

OPIC STRATEGIC PLAN 2000 - 2005

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INTRODUCTION

1. SETTING NEW DIRECTIONS

Where we have been, where we are, where we plan to go and why. OPIC's new five-year Strategic Plan and the related annual performance documents as well as OPIC's FY 2002 Budget request all tell the same story: the story of where we have been, where we are and where we plan to go.

Where We have been

OPIC has a track record of accomplishments. OPIC's mission statement continues concisely to articulate the purposes that Congress had in mind when OPIC was established in 1971, as well as subsequent expansions of its mission through amendments to OPIC's authorizing legislation:

OPIC's mission is to mobilize and facilitate the participation of United States private capital and skills in the economic and social development of less developed countries and areas, and countries in transition from nonmarket to market economies. In accomplishing its mission, OPIC will promote positive U.S. effects and host country developmental effects. OPIC will assure that the projects it supports are consistent with sound environmental and worker rights standards. In conducting its programs, OPIC will also take into account guidance from the Administration and Congress on a country's observance of, and respect for, human rights. In accomplishing its mission, OPIC will operate on a self-sustaining basis.

For 29 years OPIC has demonstrated its value by successfully achieving the objectives set out in its mission statement. Since its earliest days, OPIC has verified its successful operations by carefully tracking the outcomes associated with its programs.

The result of 29 years of goal-setting and performance measurement can be summarized in terms of the more than 3,000 investments that OPIC has supported with its political risk insurance products and its direct loan and loan guaranty products. During its history, OPIC has supported investments in some 140 developing nations and emerging markets around the world. These investments have a total value of nearly \$130 billion and will generate over \$61 billion in U.S. exports and create or support more than 242,000 American jobs. This is in addition to the approximately 660,000 jobs these OPIC-supported projects will generate in the developing world. OPIC's support of these projects has also advanced U.S. foreign policy goals in such regions as sub-Saharan Africa, Central America and the Caribbean, the Middle East, and Southeast Europe. Finally, OPIC has generated all of these benefits while operating in a self-sustaining manner, at no net cost to the American taxpayer.

Where we are

Recent threats, new leadership and a course correction. Legislative uncertainties about OPIC's future and the need for its programs were resolved in 1999 when OPIC received a four-year reauthorization. This reauthorization is a recognition of OPIC's

record of prudent financial management and OPIC's contributions to American economic and foreign policy goals.

In 1997, just as OPIC's first Strategic Plan was being finalized, George Muñoz was confirmed as OPIC's new President and Chief Executive Officer. Since that time, President Muñoz' leadership has been the moving force in the development of a new strategic vision for OPIC. This vision has helped reshape the course of OPIC. Additionally, global opportunities are expanding for U.S. business, especially in technology and other key sectors such as housing and water.

Where we are going

Future directions – leadership, performance, stewardship. These three important elements are the core of OPIC's strategic goals, and directly reflect the CEO's priorities. In each of these areas, OPIC has developed new measures that will add to our ability to assess performance and show accountability to the public.

- **Continued Leadership:** To advance U.S. foreign policy and development initiatives and promote free enterprise and democracy in developing countries and economies in transition; to help American businesses, large and small alike, to compete in emerging markets.
- **Enhanced Performance:** To strengthen economic growth at home by supporting U.S. investment overseas; to build a high-performance organization, operating on an effective and self-sustaining basis at no net cost to the American taxpayer.
- **Effective Stewardship:** To promote best practices in U.S. direct investment overseas, especially in the areas of business, the environment, and worker rights; to use prudently the full faith and credit of the U.S. Government.

2. GLOBAL CHALLENGES, INNOVATIVE SOLUTIONS

The challenges we face, the solutions we have, and how we'll make them work.

As we begin a new century, OPIC is developing innovative solutions in response to on-going challenges.

Challenges

An uncertain global economy. In 1998, we saw how the flight of "hot money" from Thailand triggered an Asian economic crisis that quickly affected Russia and then regions as far afield as South America and Africa. While the effects of this global crisis have eased, the basic volatile nature of the global economic system has not been tamed. The ever-present threat of economic turmoil in the global markets is a reality of our times, and OPIC must have the resources necessary to respond to such situations and mitigate their impacts.

Wars, civil unrest, natural disasters, and localized economic downturns have all affected growth and political stability in various parts of the globe over the past few years and will

likely be seen again in the short- to medium-term. All of these problems directly affect OPIC's ability to accomplish its mission.

Other uncertainties. In addition to the unstable nature of the global economic and political climate, OPIC is facing other new challenges as well. These challenges include matching available resources to an exponentially expanding portfolio of projects with new and more stringent monitoring requirements in the areas of worker rights and the environment, significant changes to financial management standards promulgated by the U.S. Treasury and OMB, major information system deficiencies in programmatic areas, and on-going staff shortages.

Solutions

New Approaches. OPIC has proactively developed new approaches and mechanisms with the flexibility to address ever-changing challenges. For example:

- OPIC has put a new emphasis upon corporate-wide risk management. A new Risk Management Committee has been established with the goal of evaluating and making recommendations for mitigating corporate financial risk.
- OPIC has established a "Breakthrough Team" to examine OPIC business practices and identify concerns that cut across department lines. The Breakthrough Team has recommended actions in such areas as productivity enhancement, cycle time improvement, and communication with customers.
- OPIC's business departments have created small business working groups to explore various methods for helping U.S. small businesses take advantage of overseas investment opportunities.
- OPIC has established an Investment Review Board (IRB) to evaluate, set priorities for, and manage technology investments.

Innovative Solutions. OPIC's approach has already yielded results. For example:

- New OPIC initiatives focusing on small business, the environment and labor, and Africa have been defined and incorporated into the FY 2001 budget request. These initiatives will enhance OPIC's relevance and capabilities in key mission areas.
- A comprehensive risk management strategy is being developed that will enhance data and decision making on new products and exposure, improve the project pipeline tracking system, enhance workflow, and manage OPIC's pipeline more effectively. Already this focus on risk management has resulted in OPIC's development of a new approach to establishing reserves for the finance and funds programs.
- One of the most notable developments during the last fiscal year was the implementation of OPIC's new capital markets insurance product, a product that OPIC Insurance has pioneered and that is attracting very wide attention across the

international financial markets and among private and public investment insurers. It showcases OPIC's leadership and responsiveness to the needs of the changing world capital markets, and has been applauded by President Clinton and other members of the Administration. To complement the new insurance capital markets product, OPIC has developed a finance product for co-financing on 144a issues. The finance product will include long loan tenors, and other features designed to minimize risk and promote market stability. Rule 144a is an exemption from SEC registration requirements that would typically apply to the sale of securities. These types of issues are attractive to project companies since they avoid the costly SEC registration procedure for a public offering, and are faster to conclude, involve less restrictive covenants and have the potential for greater liquidity and lower pricing than bank loans.

- Virtual dealmaking technology is enabling OPIC to facilitate global deals via the web. This new pilot program illustrates OPIC's forward looking position on technology. OPIC recognizes that dramatic technological changes have swept over the business world in the past few years and that the rate of technological change is unrelenting. Finance and insurance operations that cannot keep pace with the accelerating pace of international business will quickly lose their relevancy. In response to this defining aspect of globalization, OPIC has developed a capital plan to align information technology (IT) capabilities with corporate strategic goals and business objectives. OPIC's plan is to leverage technology to achieve direct improvements in how it does business, and to provide better service to its American business clients. OPIC's adoption of an open architecture direction, and the development of a disciplined IT investment process provide the opportunity to select and manage these technology investments in the most prudent and fiscally responsible manner.

Strategic planning is an on-going process. OPIC views the Government Performance and Results Act (GPRA) Strategic Planning requirements as an on-going process. As new information is obtained from performance results, customer feedback, and changing external political and economic conditions, OPIC will continue to fine-tune its strategic goals and objectives and to align its business activities and processes to reflect the changing realities.

3. *THE OPIC FORMULA*

The OPIC formula for success – performance, service, value, accountability and flexibility. Despite changes in the business climate, changes in political direction, and the development of new technologies, certain elements of OPIC’s formula for success will remain constant:

- **OPIC is a self-sustaining organization.** This requires accountability and the flexibility to move resources between programs as needed and to respond quickly to the changing dynamics of the global marketplace. A synergy must exist between OPIC’s programs, allowing them to “cross-fertilize” each other and leverage resources.
- **OPIC’s foundation is a high performance management process.** Looking forward, OPIC will focus on integrated planning, information management, virtual deals, and web-based research and information. All of these priorities will help support superior customer service, improved productivity, decreased cycle time and higher quality. Higher rates of investment in the areas of technology and administrative expenses are needed to support these advances and to keep pace with the external environment.
- **The best people with the tools to do the job and the freedom to innovate.** OPIC’s success in the volatile international investment market ultimately depends on its ability to recruit and retain top caliber staff. To do this, OPIC must be able to guaranty that employees will be provided not only with the necessary resources and tools to accomplish their work, but also with a corporate culture that gives them the freedom to innovate and grow.

OPIC's Strategic Goals and Objectives, FY 2000 - 2005

<u>Strategic Goals</u>	<u>Strategic Objectives</u>
#1. Continued Leadership	<ol style="list-style-type: none">1) Advance U.S. foreign policy and development initiatives and promote free enterprise and democracy in developing countries and economies in transition2) Help American businesses – large and small alike – compete in emerging markets
#2. Enhanced Performance	<ol style="list-style-type: none">3) Strengthen economic growth at home by supporting U.S. investment overseas4) Build a high-performance organization, operating on an effective and self-sustaining basis at no net cost to the American taxpayer
#3. Effective Stewardship	<ol style="list-style-type: none">5) Promote best practices in U.S. direct investment overseas, especially in the areas of business, the environment, and worker rights6) Prudently use the full faith and credit of the U.S. government

Strategic Goal #1: Leadership

<u>Strategic Goal</u>	<u>Strategic Objectives</u>
#1. Continued Leadership	1) Advance U.S. foreign policy and development initiatives and promote free enterprise and democracy in developing countries and economies in transition 2) Help American businesses – large and small alike – compete in emerging markets

On December 9, 1999 President Clinton signed into law OPIC’s historic four-year reauthorization (P.L. 106-158). OPIC’s reauthorization provides affirmation that the Administration and Congress recognize OPIC’s record of prudent financial management and OPIC’s contributions to American economic and foreign policy goals.

In achieving its mission to mobilize and facilitate the participation of United States private capital in the economic development of developing countries, OPIC places special emphasis on countries and regions that have been identified as Administration and Congressional foreign policy priorities. Examples of areas where OPIC has recently played a leadership role in support of U.S. foreign policy goals include the hurricane Mitch relief effort in Central America and the Caribbean, efforts to support investment and growth in sub-Saharan Africa, support of the Middle East Peace Process, and contributions to economic recovery in Southeast Europe following the war in Kosovo.

OPIC also has a proven track record in helping American businesses, large and small alike, compete in emerging markets. Since 1971 OPIC has supported over 3,000 overseas business projects sponsored by American businesses. These projects have been located in some 140 developing nations and emerging markets around the world. These projects have a total value of nearly \$130 billion and will generate over \$61 billion in U.S. exports and create or support more than 242,000 American jobs. Approximately a third of the projects that OPIC supports involve American small businesses. In signing OPIC’s historic four year reauthorization legislation into law, President Clinton noted that the strong bipartisan support for OPIC was “a testament to OPIC’s critical support in helping American businesses compete in the global marketplace.”

Looking forward:

<u>OPIC Challenges</u>	<u>CEO Priorities</u>
Participate in a more timely manner in an increasing number of regions and sectors with new financial products, new e-business models, and a broader range of programs and services. Respond more quickly to the needs of large and small companies pursuing increasingly complex deals.	Continued leadership. New and innovative programs and products are needed, at an increasing rate, to meet the critical needs of the U.S. government and American businesses of all sizes across an expanding array of projects, regions and sectors.

OPIC Success Strategies for Strategic Goal #1

<u>Strategic Goals & Objectives</u>	<u>Strategies</u>
<p>Strategic goal #1:</p> <p>3) Continued Leadership</p> <p>Objectives:</p> <p>1) Advance U.S. foreign policy and development initiatives and promote free enterprise and democracy in developing countries and economies in transition.</p> <p>2) Help American businesses – large and small alike – compete in emerging markets</p>	<ol style="list-style-type: none"> 1) Focus resources to encourage additional investment in countries or geographic/regional areas identified in policy or programmatic initiatives given to OPIC by the Congress or the Administration. Areas to receive special attention during the period covered by this plan include: <ul style="list-style-type: none"> ✓ Sub-Saharan Africa; ✓ Central America and the Caribbean; ✓ Southeast Europe; ✓ The Caspian region; ✓ Other regions as mandated by Congress and the Administration. 2) Coordinate closely with other US government entities such as the Export-Import Bank, the U.S. Trade and Development Agency, the State Department, the Treasury Department, the Commerce Department, and the Trade Promotion Coordinating Committee (TPCC) by working jointly on transactions and issues of concern to the U.S. business community to assure coherent U.S. policy. 3) Work closely with bilateral and multilateral finance/insurance agencies and other development organizations to leverage the impact of OPIC’s programs. 4) Work closely with foreign government officials in emerging markets to facilitate American business. 5) Work with clients and other U.S. government entities to develop a variety of products that respond to business (especially small business) needs, and support foreign policy objectives. 6) Complement and supplement private sector finance and insurance services when these services are insufficient to meet client needs. 7) Provide information at conferences and via OPIC’s Website on OPIC’s programs and on investing in emerging markets, with special attention to the small business community. 8) Provide advocacy to OPIC-supported investments that are experiencing difficulties with foreign governments. Coordinate these efforts with other U.S. government entities, as appropriate. 9) Provide advice to OPIC clients on structuring transactions so that U.S. companies can benefit both from OPIC’s programs and from other sources of capital and insurance for investing in emerging markets. 10) Support projects involving significant U.S. interests.

OPIC Performance Indicators for Strategic Goal #1

Strategic goal #1: Continued Leadership	
<u>Objectives</u>	<u>Performance Indicators</u>
<p>Advance U.S. foreign policy and development initiatives and promote free enterprise and democracy in developing countries and economies in transition.</p>	<p><u>Make documentation available regarding:</u></p> <ol style="list-style-type: none"> 1) The number of projects in the pipeline for geographic areas or policy goals identified in Congressional/Administration foreign policy initiatives. 2) OPIC activities to promote investment in the targeted geographic countries/regions. 3) Coordination with other U.S. government agencies such as the Export-Import Bank, the U.S. Trade and Development Agency, the State Department, and Commerce Department to advance U.S. policy in the targeted regions/areas. 4) Recognition by the Administration that OPIC is playing an important and ongoing role in advancing U.S. foreign policy goals. <p><u>Ensure that:</u></p> <ol style="list-style-type: none"> 5) Ninety percent of new projects demonstrate host country benefits such as jobs and host government revenues.
<ol style="list-style-type: none"> 1) Help American businesses – large and small alike – compete in emerging markets 	<ol style="list-style-type: none"> 1) Describe outreach activities conducted by OPIC. 2) Describe new OPIC products that meet client needs that have been developed or were under development during the target year. <p><u>Compare the following against five-year historical averages:</u></p> <ol style="list-style-type: none"> 3) Number of prospective projects screened. 4) Number of project commitments for the year. 5) Total dollar level of new investments supported. 6) Amount of finance commitments for the year. 7) Amount of political risk insurance issued during the year. 8) Percentage of projects that have small business sponsors.

Strategic Goal #2: Performance

<u>Strategic Goal</u>	<u>Strategic Objectives</u>
#2. Enhanced Performance	1) Strengthen economic growth at home by supporting U.S. investment overseas 2) Build a high-performance organization, operating on an effective and self-sustaining basis at no net cost to the American taxpayer

By supporting U.S. investment overseas, OPIC contributes to the creation of significant benefits for the U.S. economy. Looking at the accomplishments of the most recent fiscal year completed, we see that during the first five years of operation, the 58 new projects that OPIC supported in FY 1999 will generate an estimated 31,300 person-years of direct and indirect employment for U.S. workers, equivalent to approximately 6,300 U.S. jobs. A substantial portion of the procurement for OPIC projects will be supplied by American firms, resulting in U.S. exports of capital goods and services of \$2.7 billion over 5 years.

OPIC has generated similar benefits for the U.S. economy every year of its existence, and has consistently done so while operating on a self-sustaining basis, at no net cost to the American taxpayer. OPIC does not receive direct appropriations, but instead receives authority to spend its own earnings. Additionally, in every year since credit reform was implemented, OPIC has generated net negative budget authority (NNBA) that increases the resources available for funding other Function 150 international programs.

OPIC's achievements in these areas are closely tied to OPIC's status as a high-performance agency. This means that OPIC is constantly exploring possible new products, improving existing systems and procedures, and working to maximize productivity by giving its staff the right tools for the job. OPIC's information technology is an important aspect of this formula, and the agency has institutionalized best practices, including an Investment Review Board (IRB), to assure that improvements are made in a thoughtful, incremental, and cost-efficient manner. See appendix A, "Integrating and Aligning IT Investment with OPIC Strategic Goals". OPIC also pays great attention to maintaining a diverse, highly skilled workforce capable of meeting or exceeding its strategic goals with efficiency, innovation, and a constant focus on better serving its customers.

Looking forward:

<u>OPIC Challenges</u>	<u>CEO Priorities</u>
Maintain efficient and cost-effective operations in the face of business demands (as well as in light of higher financial management standards put forth by the U.S. Treasury and OMB). Make technological enhancements to maintain relevancy in rapidly changing global finance and insurance markets.	Increase performance. OPIC needs to continue to raise the levels of quality service provided to its multiple constituencies while increasing speed of execution, operational efficiency and effectiveness across its core processes.

OPIC Success Strategies for Strategic Goal #2

<u>Strategic Goals & Objectives</u>	<u>Strategies</u>
<p>Strategic goal #2:</p> <p>Enhanced Performance</p> <p>Objectives:</p> <ol style="list-style-type: none"> 1) Strengthen economic growth at home by supporting U.S. investment overseas. 2) Build a high-performance organization, operating on an effective and self-sustaining basis at no net cost to the American taxpayer. 	<ol style="list-style-type: none"> 1) Support only projects that will not result in a loss of U.S. jobs or adversely affect the U.S. economy. Decline to support projects that have a potential negative impact on a U.S. industry or its employment. 2) Provide loans, loan guaranties, and political risk insurance in a manner that continues OPIC's leadership role among its counterpart agencies. This will help U.S. companies to compete on an equal basis with companies from other industrialized nations that are receiving support from their own governments. 3) Monitor projects once operations begin to verify that investors fulfill original representations regarding impact on the U.S. economy. 4) Develop products that are responsive to clients' needs. 5) Promote a healthy and productive work environment that attracts and retains highly qualified and motivated staff, and creates an atmosphere of professionalism, integrity and flexibility. Provide staff with high levels of training and support. 6) Ensure that the pricing of OPIC products adequately reflects the risks and costs assumed by the agency. 7) Maintain a geographically and sectorally diverse portfolio to ensure balance. Preserve OPIC's portfolio of well-diversified commercial entities and individual sponsors. 8) Manage existing insurance portfolio prudently by prudent underwriting and documentation of insurance contracts and monitoring exposure, as needed. Provide advocacy on behalf of insurance clients in order to avert claims and when claims are paid, aggressively pursue recoveries from foreign governments. 9) Improve efficiency and effectiveness of systems technology and processes to support thoughtful management decision making. Utilize best management practices. See appendix A, "Integrating and Aligning IT Investment with OPIC Strategic Goals". 10) Monitor active projects on an ongoing basis, through both site visits and internal reviews, to assure that credit quality remains sound, collections are timely, and reporting requirements are fulfilled. Continually review and refine corporate credit policies and underwriting procedures to maintain high quality of portfolio.

OPIC Performance Indicators for Strategic Goal #2

Strategic goal #2: Enhanced Performance	
<u>Objectives</u>	<u>Performance Indicators</u>
<p>Strengthen economic growth at home by supporting U.S. investment overseas.</p>	<p>The indicators listed below are used to determine if OPIC-supported projects have neutral or positive U.S. effects and to ensure that projects do not have a negative impact on the U.S. economy, as required by OPIC statute. OPIC has long tracked the following measurements and will continue to do so.</p> <ol style="list-style-type: none"> 1) U.S. exports generated. 2) Person-years of U.S. employment generated. <p>OPIC will also provide information regarding the U.S. suppliers to OPIC-supported projects.</p>
<p>Build a high-performance organization, operating on an effective and self-sustaining basis at no net cost to the American taxpayer.</p>	<p><u>Establish benchmarks, set targets, and track performance in the following areas:</u></p> <ol style="list-style-type: none"> 1) Customer satisfaction 2) Employee satisfaction 3) Percentage of insurance applications received electronically. 4) Percentage of finance applications received electronically. 5) Cycle time. <p><u>Continue to operate on a self-sustaining basis as measured by:</u></p> <ol style="list-style-type: none"> 6) Net negative budget authority. 7) Net negative outlays. 8) Total revenues vs. total expenses to determine the agency's net income.

Strategic Goal #3: Stewardship

<u>Strategic Goal</u>	<u>Strategic Objectives</u>
#3. Effective Stewardship	1) Promote best practices in U.S. direct investment overseas, especially in the areas of business, the environment, and worker rights 2) Prudently use the full faith and credit of the U.S. government

OPIC has promoted and will continue to promote “best practices” with respect to the environmental impacts, worker rights, and business processes for private direct investment in developing countries and emerging markets. For example, in April of FY 1999 OPIC issued the final version of its new Environmental Handbook. OPIC’s state-of-the-art Environmental Handbook incorporates policies and procedures used by the most progressive international lending institutions into its environmental assessment and monitoring policies. The Environmental Handbook contains categorical screening criteria for projects based on their degree of impact on the environment and provides industry, NGOs and others with a user-friendly articulation of OPIC’s environmental policies.

OPIC is also required by statute to ensure that the projects it assists do not contribute to violations of internationally recognized worker rights. Statutorily mandated language is included in all OPIC insurance contracts and loan agreements to require compliance with internationally recognized worker rights. Where host country laws are not consistent with international standards, OPIC requires additional provisions to be included to address any deficiencies. As mandated by statute, OPIC will continue to ensure that the projects it supports meet applicable worker rights requirements, through enhanced monitoring and contractual commitments.

The objective that overarches all of OPIC’s programs is the prudent use of the full faith and credit of the U.S. government. OPIC has consistently achieved this objective by ensuring its portfolio is diversified both geographically and by sector; by requiring rigorous due diligence of all prospective projects; by prudent underwriting of the terms on which OPIC offers its support; by monitoring a project’s financial performance; and by advocating to foreign governments on the behalf of clients to avert problems. Additionally, OPIC has recently established a new Risk Management process to evaluate and make recommendations for mitigating corporate financial risk.

Looking forward:

<u>OPIC Challenges</u>	<u>CEO Priorities</u>
Continue to make politically and financially sound decisions based on increasingly high-quality information and ever more sophisticated risk management techniques.	Increase stewardship. New tools and skills are needed to bolster the organization’s monitoring, decision-making and risk management capability in an increasingly complex and volatile environment. OPIC needs to leverage technology to provide better access to information and knowledge.

OPIC Success Strategies for Strategic Goal #3

Strategic Goals & Objectives	Strategies
<p>Strategic Goal #3:</p> <p>Effective Stewardship</p> <p>Objectives:</p> <ol style="list-style-type: none"> 1) Promote best practices in U.S. direct investment overseas, especially in the areas of business, the environment, and worker rights 2) Prudently use the full faith and credit of the U.S. government 	<ol style="list-style-type: none"> 1) Increase the number of OPIC-sponsored projects (including small, medium, and large businesses) that utilize sound practices in the areas of business, the environment, and worker rights. 2) Maintain OPIC monitoring of project compliance regarding environmental and worker rights requirements. 3) Increase the level of public participation in evaluating the environmental impact of proposed projects. 4) Participate in international forums and conferences focusing on environmental issues, worker rights, and sound commercial practices. 5) Through OPIC publications and speaking engagements, disseminate information on sound commercial practices, and environmental and worker rights standards. 6) Promote “upward harmonization” among OPIC-like agencies from other industrialized nations in regard to standards on the environment, worker rights, and sound commercial practices. 7) Develop new risk management tools. Provide and analyze information on emerging markets to narrow gap between perceived and real risk. Integrate risk analysis into the decision-making process. 8) Maintain full transparency and accountability to stakeholders.

OPIC Performance Indicators for Strategic Goal #3

Strategic Goal #3: Effective Stewardship	
<u>Objectives</u>	<u>Performance Indicators</u>
<p>Promote best practices in U.S. direct investment overseas, especially in the areas of business, the environment, and worker rights</p>	<ol style="list-style-type: none"> 1) Ensure that all new projects meet or exceed OPIC's environmental and worker rights standards, both before and after commitment of financing and insurance. 2) Ensure that all environmentally sensitive new projects will include public participation in the Environmental Impact Assessment process via OPIC's internet web-site. 3) Maintain five year average regarding the number of projects visited for site monitoring and due diligence. 4) Maintain three year average regarding the number of projects self monitored. 5) Participation in forums and conferences describing and promoting best practices for U.S. direct investment, focusing on environmental issues, worker rights, and sound commercial practices.
<p>Prudently use the full faith and credit of the U.S. government</p>	<ol style="list-style-type: none"> 1) Receive an unqualified audit opinion from independent auditor. 2) Benchmark returns on assets and equity against other non-commercial entities with similar financial structures. 3) Benchmark reserves compared to contingent liabilities against other non-commercial entities with similar financial structures. 4) Develop and implement maximum exposure standards, including capital adequacy ratios, considering issues of annual subsidy limitations and OPIC's statutory ceiling on exposure, as they may apply. 5) Monitor claims vs. recovery rates. 6) Set benchmark and monitor nonperforming assets levels. 7) Establish benchmark and track the percentage of the portfolio reviewed/monitored for financial performance. 8) Track diversity of portfolio and establish concentration guidelines. 9) Ensure public participation through user-friendly internet site that highlights relevant issues and provides for public comment and by having opportunities for public comment prior to board meetings.

Linking Goals to Performance Indicators via Inputs, Outputs, and Outcomes.

Strategic Goals →	Requested Inputs →	Expected Outputs →	Expected Outcomes →	Performance Indicators
<p>Strategic goal #1:</p> <p>Continued Leadership</p> <p>Objectives:</p> <p>1) Advance U.S. foreign policy and development initiatives and promote free enterprise and democracy in developing countries and economies in transition.</p> <p>2) Help American businesses – large and small alike – compete in emerging markets</p>	<ul style="list-style-type: none"> • Full time equivalent employees (220 Authorized in FY 2000) • Authorized Administrative expenses budget (from OPIC's earned income. No direct appropriation.) • Authorized Credit funding budget (from OPIC's earned income. No direct appropriation.) • Insurance reserves. 	<ul style="list-style-type: none"> • New finance commitments • New political risk insurance issuance (MIA); • New projects • Dollars invested by host country • Dollars invested by the U.S. • Dollars invested by third countries • Dollars invested on a multilateral basis 	<ul style="list-style-type: none"> • Total project investment from all sources • Gross U.S. exports • Positive net U.S. trade effect • Positive net U.S. financial flows • Net U.S. balance of payments • Person years of U.S. employment supported, both direct and indirect • Effect on host country net balance of payments • Host country net fiscal impact • Host country management and professional employment supported • Host country labor employment supported. • Total host country employment supported. • Percentage of projects with U.S. small business involvement. • Net negative budget authority generated. • Net negative outlays generated. 	<p>Strategic Goal #1/Objective #1</p> <p><u>Make documentation available regarding:</u></p> <ul style="list-style-type: none"> • The number of projects in the pipeline for geographic areas or policy goals identified in Congressional/Administration foreign policy initiatives. • OPIC activities to promote investment in the targeted geographic countries/regions. • Coordination with other U.S. government agencies such as the Export-Import Bank, the U.S. Trade and Development Agency, the State Department, and Commerce Department to advance U.S. policy in the targeted regions/areas. • Recognition by the Administration that OPIC is playing an important and ongoing role in advancing U.S. foreign policy goals. <p><u>Ensure that:</u></p> <ul style="list-style-type: none"> • Ninety percent of new projects demonstrate host country benefits such as jobs and host government revenues. <p>Strategic Goal #1/Objective #2</p> <ul style="list-style-type: none"> • Describe outreach activities conducted by OPIC. • Describe new OPIC products that meet client needs that have been developed or were under development during the target year. <p><u>Compare the following against five-year historical averages:</u></p> <ul style="list-style-type: none"> • Number of prospective projects screened. • Number of project commitments for the year. • Total dollar level of new investments supported. • Amount of finance commitments for the year. • Amount of political risk insurance issued during the year. • Percentage of projects that have small business sponsors.

Linking Goals to Performance Indicators via Inputs, Outputs, and Outcomes.

Strategic Goals →	Requested Inputs →	Expected Outputs →	Expected Outcomes →	Performance Indicators
<p>Strategic goal #2:</p> <p>Enhanced Performance</p> <p>Objectives:</p> <p>1) Strengthen economic growth at home by supporting U.S. investment overseas.</p> <p>2) Build a high-performance organization, operating on an effective and self-sustaining basis at no net cost to the American taxpayer.</p>	<ul style="list-style-type: none"> • Full time equivalent employees (220 Authorized in FY 2000) • Authorized Administrative expenses budget (from OPIC's earned income. No direct appropriation.) • Authorized Credit funding budget (from OPIC's earned income. No direct appropriation.) • Insurance reserves. 	<ul style="list-style-type: none"> • New finance commitments • New political risk insurance issuance (MIA); • New projects • Dollars invested by host country • Dollars invested by the U.S. • Dollars invested by third country • Dollars invested on a multilateral basis 	<ul style="list-style-type: none"> • Total project investment from all sources • Gross U.S. exports • Positive net U.S. trade effect • Positive net U.S. financial flows • Net U.S. balance of payments • Person years of U.S. employment supported, both direct and indirect • Effect on host country net balance of payments • Host country net fiscal impact • Host country management and professional employment supported • Host country labor employment supported. • Total host country employment supported. • Percentage of projects with U.S. small business involvement. • Net negative budget authority generated. • Net negative outlays generated. 	<p>Strategic Goal #2/Objective #1</p> <p>The indicators listed below are used to determine if OPIC-supported projects have neutral or positive U.S. effects and to ensure that projects do not have a negative impact on the U.S. economy, as required by OPIC statute. OPIC has long tracked the following and will continue to do so.</p> <ul style="list-style-type: none"> • U.S. exports generated. • Person-years of U.S. employment generated. <p>OPIC will also provide information regarding the U.S. suppliers to OPIC-supported projects.</p> <p>Strategic Goal #2/Objective #2</p> <p><u>Establish benchmarks, set targets, and track performance in the following areas:</u></p> <ul style="list-style-type: none"> • Customer satisfaction • Employee satisfaction • Percentage of insurance applications received electronically. • Percentage of finance applications received electronically. • Cycle time. <p><u>Continue to operate on a self-sustaining basis as measured by:</u></p> <ul style="list-style-type: none"> • Net negative budget authority. • Net negative outlays. • Total revenues vs. total expenses to determine the agency's net income.

Linking Goals to Performance Indicators via Inputs, Outputs, and Outcomes.

Strategic Goals →	Requested Inputs →	Expected Outputs →	Expected Outcomes →	Performance Indicators
<p>Strategic Goal #3:</p> <p>Effective Stewardship</p> <p>Objectives:</p> <p>1) Promote best practices in U.S. direct investment overseas, especially in the areas of business, the environment, and worker rights</p> <p>2) Prudently use the full faith and credit of the U.S. government</p>	<ul style="list-style-type: none"> • Full time equivalent employees (220 Authorized in FY 2000) • Authorized Administrative expenses budget (from OPIC's earned income. No direct appropriation.) • Authorized Credit funding budget (from OPIC's earned income. No direct appropriation.) • Insurance reserves. 	<ul style="list-style-type: none"> • New finance commitments • New political risk insurance issuance (MIA); • New projects • Dollars invested by host country • Dollars invested by the U.S. • Dollars invested by third country • Dollars invested on a multilateral basis 	<ul style="list-style-type: none"> • Total project investment from all sources • Gross U.S. exports • Positive net U.S. trade effect • Positive net U.S. financial flows • Net U.S. balance of payments • Person years of U.S. employment supported, both direct and indirect • Effect on host country net balance of payments • Host country net fiscal impact • Host country management and professional employment supported • Host country labor employment supported. • Total host country employment supported. • Percentage of projects with U.S. small business involvement. • Net negative budget authority generated. • Net negative outlays generated. 	<p>Strategic Goal #3/Objective #1</p> <ul style="list-style-type: none"> • Ensure that all new projects must meet or exceed OPIC's environmental and worker rights standards, both before and after commitment of financing and insurance. • Ensure that all environmentally sensitive new projects will include public participation in the Environmental Impact Assessment process via OPIC's internet web-site. • Maintain five year average regarding the number of projects visited for site monitoring and due diligence. • Maintain three year average regarding the number of projects self monitored. • Describe participation in forums and conferences describing and promoting best practices for U.S. direct investment, focusing on environmental issues, worker rights, and sound commercial practices. <p>Strategic Goal #3/Objective #2</p> <ul style="list-style-type: none"> • Receive an Unqualified audit opinion from independent auditor. • Benchmark returns on assets and equity against other non-commercial entities with similar finance structures. • Benchmark reserves compared to contingent liabilities against other non-commercial entities with similar finance structures. • Develop and implement maximum exposure standards, including adequacy ratios, considering issues of annual subsidy limitations and OPIC's statutory ceiling on exposure, as they may apply. • Monitor claims vs. recovery rates. • Set benchmark and monitor nonperforming assets levels. • Establish benchmark and track the percentage of the portfolio reviewed/monitored for financial performance. • Track diversity of portfolio and establish concentration guidelines. • Ensure public participation through user-friendly internet site that highlights relevant issues and provides for public comment and by having opportunities for public comment prior to board meetings..

Identification of key factors, external to the agency and beyond its control that could significantly affect achievement of goals

- Revised foreign policy guidance.
- Changes in market demand.
- Significant change in the investment climate in host countries due to political or economic events.
- Changes in regional economic climates that can have widespread effects. For example, the Southeast Asian financial crisis that occurred in 1998 and subsequently spread to other regions.
- U.S. or American regional economic recession.
- Increased competition from foreign businesses that are heavily subsidized by their governments.
- Major decrease in the ability or desire of American businesses to compete abroad.
- Major change in OPIC's budget or authorization limit.
- Change in legislation governing countries in which OPIC can operate.

A description of the program evaluations used in establishing or revising general goals and objectives

- **Strategic Goal 1: Continued Leadership**

Objective 1: Advance U.S. foreign policy and development initiatives and promote free enterprise and democracy in developing countries and economies in transition.

OPIC will verify and validate the measures associated with the implementation of foreign policy initiatives by tracking the number of new projects associated with such initiatives and by assuring that they meet all applicable OPIC requirements. OPIC will also document all its actions that educate the American business community about, or promote investment in, the geographic areas targeted in the new foreign policy initiatives. OPIC will seek acknowledgment from the Administration that it has, in fact, made a valuable contribution to the foreign policy goals of the United States of America. Regarding the host country benefits performance indicator, OPIC has tracked the components of this item (host country employment benefits, host country net balance of payments, host country net fiscal impact) since 1974.

Objective 2: Help American businesses – large and small alike – compete in emerging markets. OPIC has tracked the majority of these performance indicators for many years. These indicators include OPIC’s most basic measures and are the foundation on which strategic planning is done.

- **Strategic Goal 2: Enhanced Performance**

Objective 1: Strengthening economic growth at home by supporting U.S. investment overseas. OPIC has been tracking many of these key performance indicators since 1974. These performance measures are provided to Congress, as mandated, in reports such as the annual “Host Country Development and U.S. Economic Effects” report. Before a project is committed to, OPIC carefully studies its projected impact on the domestic economy and on U.S. employment to assure that no negative effects will result. OPIC validates these projections through follow-up monitoring that verifies these impacts throughout OPIC’s association with the project.

Objective 2: Building a high-performance organization, operating on an effective and self-sustaining basis at no net cost to the American taxpayer. The annual audit of OPIC’s operations, conducted by the independent accounting firm of Pricewaterhouse Coopers LLP, verifies OPIC’s self-sustaining status. Measurement of OPIC’s net negative budget authority and net negative outlays is in accordance with U.S. Treasury data. Performance indicators regarding customer satisfaction, employee satisfaction, staff training, electronic fund transfers, applications received electronically, and cycle time are new measures set out for the first time in this strategic plan. Benchmarks, targets, and tracking mechanisms are currently being developed.

- **Strategic Goal 3: Effective Stewardship**

Objective 1: Promote best practices in U.S. direct investment overseas, especially in the areas of business, the environment, and worker rights. OPIC monitors compliance with environment and worker rights requirements through a two-part process. First, all projects must complete a questionnaire annually providing data on their actual

performance in the identified areas. The second part of the monitoring process involves taking a closer look at selected projects. Those projects, which are subject to more detailed monitoring, come from three groups: 1) all projects that potentially impact sensitive U.S. economic sectors; 2) all environmentally sensitive projects; and 3) projects selected using random sampling methodology. The projects to be monitored are examined during a site visit by an OPIC staff member as well as through additional data received from the project. This monitoring process also applies to many of the performance measures associated with strategic goal 2, objective 1 (U.S. economic effects). The total number of projects screened by OPIC's staff is much greater than the number of projects that go forward. Many of the projects that ultimately do not proceed are screened before processing ceases. OPIC routinely tracks these measures and the results are taken into consideration as OPIC modifies its strategies.

Objective 2: Prudent use of the full faith and credit of the U.S. Government. The annual audit of OPIC's operations conducted by the independent accounting firm of Pricewaterhouse Coopers LLP confirms OPIC's strong financial position and that OPIC's bookkeeping practices conform with generally accepted accounting principles. Regarding the performance indicators that focus on corporate risk (returns on assets, reserves, capital adequacy, non-performing assets, etc.), benchmarks, targets, and tracking mechanisms are being developed. Procedures to ensure appropriate opportunities for public comment have already been integrated into OPIC's internet web site and into the procedure for planning and executing OPIC board meetings.

Consultations with Interested Parties during the Development of this Strategic Plan.

- During the development of this Strategic Plan, OPIC consulted with its Congressional oversight committees which were provided a copy of the draft plan for review and comment on July 31, 2000.
- A draft of this Strategic Plan was shared with the U.S. Export-Import Bank and the Trade and Development Agency in August 2000, and their comments and suggestions were requested. A draft of this plan was also shared with the Trade Promotion Coordinating Committee (TPCC) and their input was solicited.
- A draft of this Strategic Plan was placed on OPIC's internet web site in August 2000 and all interested parties were invited to comment.

Conclusion: OPIC's Added Value to the U.S. Government

When OPIC assists projects by providing financing and/or insurance, it is often a key factor in moving forward projects that might not otherwise have been possible. OPIC

- contributes to the U.S. economy by supporting exports and jobs;
- contributes to growth and stability in developing nations; and
- supports U.S. foreign policy goals.

Equally important, OPIC's participation can *improve* a project by changing its design and structure so that it is

- more friendly to the environment;
- more sensitive to worker rights issues; and
- more protective of the American domestic economy.

The “where” and “when” of OPIC support is often what makes a project possible. In many locations OPIC financing or insurance is essential for projects to go forward. Private sector finance and insurance is not available in many developing areas, or not available in quantities or structures that would make projects feasible.

The timing of OPIC support is another critical factor. OPIC is often on the scene before the private market is willing to go in or in difficult times when the private market is withdrawing. For example, when OPIC first began supporting investment funds, OPIC's developing market funds were the only ones in existence. OPIC demonstrated the opportunities, and in many areas private funds have since followed suit.

The resulting projects contribute to American prosperity. One by-product of OPIC's support for American investments in the developing world is the resulting U.S. exports that contribute to U.S. economic growth. For example, the new projects that OPIC assisted in FY 1999 will generate an estimated \$2.7 billion in U.S. exports and support approximately 6,300 American jobs, both directly and indirectly. Of the 58 new projects that OPIC supported in FY 1999, approximately 34 percent involved American small business. Thus OPIC contributes not only to the competitiveness of U.S. multinationals, but also to the growth and prosperity of small businesses across the country.

OPIC-supported projects contribute to growth in the developing world. The long-term nature of OPIC-supported investment helps build political and economic stability in the developing world by generating host country employment, improving local infrastructure, and building the local tax base. The host country developmental effects of the 58 new projects that OPIC supported in FY 1999 include local employment in the fifth year of operation estimated at 30,800 jobs and host country tax revenues of approximately \$1.2 billion per year.

OPIC projects support U.S. foreign policy goals. OPIC assistance focuses on projects that support U.S. foreign policy goals. For example, OPIC is actively involved in efforts to rebuild Central American economies after the devastation of Hurricane Mitch. The opening of OPIC's programs in Vietnam last year sent a signal that American businesses may invest in an economy that had been off-limits for over a decade. In Southeast Europe, where the war-torn Balkan region struggles to find ways of attracting long-term capital for business and infrastructure development, OPIC is also playing an important role.

Sub-Saharan Africa has also been identified as a high priority area by Congress. In FY 1999, OPIC responded by committing an infrastructure fund in the region that will have resources of \$350 million when fully capitalized. OPIC is currently providing nearly \$900 million of support for 50 projects in approximately 20 countries in sub-Saharan Africa. One example is a small business that received an OPIC loan commitment in June of 1999. In that case, OPIC committed a \$1.68 million direct loan to Camas Marketing and Services Africa to support the organization, deployment and operation of two mobile agricultural processing units to clean and separate cocoa beans in Ghana. These new machines, by facilitating the cleaning of cocoa beans, Ghana's main source of export earnings, are expected to increase Ghanaian cocoa bean export income by 10 - 20 percent. The processing units are manufactured by Camas International, a small business based in Idaho, using Camas' patented technology. In all, the project is expected to generate 25 U.S. jobs, support 45 host country jobs, and provide a strong source of foreign exchange earnings for Ghana.

OPIC participation often improves the nature of the project. OPIC participation in a project can also add value by requiring that the project comply with strict environmental and worker rights standards, and that it avoid harm to the U.S. economy. OPIC works with project sponsors to identify ways to help mitigate problems in any of these areas.

OPIC participation promotes stability in world markets. OPIC's added value can also be seen in the stability its long-term support can bring to fragile markets. By supporting projects for the long term, OPIC services tend to counteract the volatility associated with shorter-term financial flows. Money will rush into these markets in good times, and then will equally quickly rush out when risks increase. OPIC's long-term participation helps to promote stability in sometimes unstable markets.

Appendix A: Integrating and Aligning IT Investment with OPIC Strategic Goals

	Effective Stewardship	Enhance Performance	Continued Leadership
Business Results	OPIC achieves better returns, reduces risk exposure, and ensures that projects meet policy standards by implementing an enterprise-wide portfolio management system.	Project cycle time is reduced, thereby enabling OPIC to increase both project volume and project complexity	OPIC is able to more quickly deploy new products and services to meet U.S. government priorities and to be responsive to customer needs.
Offerings	<ul style="list-style-type: none"> • Web-enabled access to portfolio information by OPIC employees • Better sharing of environmental/labor compliance information • Timely portfolio risk profiling • Reliable, accurate and timely information for decision-making 	<ul style="list-style-type: none"> • Web-enabled, collaborative, and secure deal management • Intuitive electronic forms creation • Use of Intranet as prime internal communication tool • Ubiquitous information sharing across OPIC • Performance Innovation Program 	<ul style="list-style-type: none"> • Interactive web-based client training and self-education • Electronic newsletter and web-based product information • Web-enabled product development and deployment targeted to regions, customers and financial markets • Client self-screening and product selection
Performance Benefits	<ul style="list-style-type: none"> • Ability to manage entire portfolio, individual projects & product lines • Segmented portfolio; historical performance data • Availability of data for credit risk and underwriting decisions • Move from time & materials to performance-based service contracts • Deliver research tools to the desktop 	<ul style="list-style-type: none"> • Ability to track project status/history • Reduced time between application, production and execution processes • Rapid and effective deal filtering • Reduced errors in data entry • Increased employee satisfaction and improved productivity 	<ul style="list-style-type: none"> • Ability to target small business and priority regions • Ability to create customer profiles to share information on OPIC products and events • Ability to get customer feedback
Capabilities	<ul style="list-style-type: none"> • Integrated portfolio data • Shared data marts, including comprehensive portfolio management • Flexible, efficient user-driven processing and reporting that meets statutory requirements • Timely risk/exposure info. & decision making 	<ul style="list-style-type: none"> • Information screening; collaborative transaction management • Customer-specific virtual deals • Web-enabled e-processing for workflow • Replacement of paper-based administrative processes with web-enabled capabilities • Collaborative document management • Move legacy systems to open platform 	<ul style="list-style-type: none"> • Customized, web-enabled product and service delivery • E-catalogue of best deal practices • Targeted information-sharing (sectors) • Pipeline tracking and management • Web-based reporting and access
Resources Required	<ul style="list-style-type: none"> • Decision Support Systems • Seamless Internet, Intranet, and Extranet (virtual deal file) • Collaborative Tools (workflow and document management) • Knowledge and Data Sharing Tools • Security Layers • Integrated Project Team (Project Manager, Business Areas Analyst, Subject Matter Expert, Acquisition Specialist) • Strong CIO Vision and Investment Review Board Process 		

