

Report of the OPIC President to the Board of Directors, September 23, 2010

On August 16, 2010, OPIC published notice of its Public Hearing in Conjunction with each Board meeting scheduled for Thursday, September 9th. No requests were received to speak and no requests to submit copy for the record were received; therefore, I have nothing to report.

We meet today against the backdrop of a world still reeling from a global recession, from which we are recovering and full of anguish over the suffering from natural disasters in Haiti and Pakistan. At home, we are still struggling to get our economy back on its feet and reverse the damage of deep contraction and plunging job losses, and doing so in a fraught and polarized political environment. Worldwide, people are coming to see the truth that problems of our time - poverty, violence, resource depletion and climate change - know no national boundaries. We are all connected and the challenges we face thus demand international solutions and urgent, generous partnerships.

In the international financial markets, capital remains on the sidelines - risk averse. And much of the fiscal power of our government and of nations worldwide has been spent. The resources for direct aid, financial support, and catalyzing private sector that are so critical to meeting these challenges are far from enough.

At the same time there is a growing appreciation in the business world that environmental sustainability, social responsibility and strong governance are imperative for long term shareholder value.

Just yesterday, in outlining the Obama Administration's new Global Development Policy in New York, President Obama spoke of the importance of development assistance, but noted its limitations, pointing to the role that effective *investment* and *investment policy* can have in systemic and sustainable improvements in prosperity and security throughout the world.

So, this is the hour when the US most needs its Development Finance Institution – its OPIC. It needs OPIC to step up and provide risk capital to US companies where private lenders are not yet ready to go. It needs OPIC to help open new markets for US companies so that they can grow, creating revenues and jobs at home and abroad. It needs OPIC to help finance the exploration of early stage innovations and technologies that may hold the promise for a better stewardship of our resources in the years to come. It needs OPIC, together with partner agencies, to contribute to sustainable solutions for the people and the planet to survive - and to prosper - together for generations to come.

Enormous demand. Enormous need. Exploding creativity and innovation in sustainable investments.

OPIC is uniquely suited for this moment. It crafts innovative solutions to the specific challenges of real projects in difficult markets. It is a force multiplier, mobilizing many times the capital it puts at risk. And it is efficient.

OPIC has the superb track record of success in investing in emerging markets and doing so with consistent profitability, contributing revenues to the US treasury every year. It has a highly skilled, talented and creative team. It has a large amount of untapped financial resources at its disposal. It has worked successfully with the other US agencies in the development, foreign policy and trade arenas. It has the respect of the international development community and the knowledge of the US business community.

OPIC is a sharp tool, and a smart tool, and an efficient tool.

Today, OPIC is in a unique position to help address top domestic and international priorities of our President as well as legislators on both sides of the aisle: to spur the economy and create jobs at home and *invest* in development to support global prosperity, hope and security abroad. And to do so in a way that supports rather than strains our nation's budget.

So, what are our priorities going forward?

As OPIC is one of the world's most successful emerging market investors, **above all we want to maintain, support and build on that.** OPIC's direct loans, guarantees, equity funds and insurance have, over the many years of its proud history, opened up new markets and created pathways for private capital, especially US capital, to be part of the solution to the world's most pressing problems. Today OPIC staff have built an impressive pipeline of transactions that are emblematic of the kind of sustainable development the world needs in infrastructure, housing, manufacturing and microfinance. Going forward we seek to strengthen this work by identifying new opportunities to expand the portfolio, new ways to improve efficiency and innovation and by taking smart and informed risk.

Within this frame of OPIC's broad sustainable development aims, a priority in the next 2 years will be to expand OPIC's good work in renewable energy to encompass **renewable resources of all kinds** such as water, fuel, fiber and food - the entire range of goods and services that nature provides. This means financing new sources as well as innovations for the more efficient use of existing resources. It means helping the planet and its people to find ways to prosper together for generations to come. *It means producing more with less.*

Why? We in the west have built our prosperity through industrialization that consumed the earth's resources at a pace it can no longer sustain. The billions of hopeful generations growing up in developing countries also have legitimate needs for food, electricity, water, mobility. We need to find ways to meet the needs of our fellow global citizens without irrevocably depleting nature's resources. In sum, our planet's resources must be deployed in entirely different ways for future generations than it has for past generations. New innovations, strategies, technologies and partnerships are required. If we are successful, OPIC will have helped pioneer, once again, new markets the private sector can then take up and grow (just as it has done in the PRI market and private equity.)

Where? OPIC's regional focal points will follow the Administration's development and foreign priorities closely. For the next few years this will certainly include South Asia, Africa and the broader Middle East. Of course, we will also respond with speed and agility to unexpected humanitarian crises such as Haiti and Pakistan.

Internal investments will need to be made to accomplish these aims and to do so while optimizing trade-offs in impact, risk, and revenue. At the same time, we want to be an ever more responsive, creative and progressive business partner. For this, we will continue to invest in systems that enhance risk management and visibility on the one hand, and on streamlining internal processes to improve efficiency and processing time on the other.

We also aim to invest in staff by developing and embedding a series of staff development and management programs to enhance productivity as well as staff experience. Finally, we will be investing in resources to elevate awareness of OPIC and its role and results in key influential circles in order to create opportunities and have greater impact.

Overall, we believe that by stimulating more inter-departmental initiatives, opportunities and collaboration we believe we can unlock innovation, improve cross-selling and augment OPIC's impact. This will be a key organizational goal in the coming months.

In sum, As the USG's DFI, OPIC is more relevant today than ever before. The needs for the markets and opportunities that OPIC can create are urgent, both in the US and abroad. The pivotal role of business in development is crystallizing. It is my aim, together with the OPIC team at all levels, to build on this organizations great strengths, seeking new opportunities, and increasing volumes and impact while improving efficiency. We will continue to be centered on sustainable development with an intensified focus on renewable resources. We are committed to advancing development in a way that aims to ensure the well-being of people and planet, and begins to build the kind of global community the world needs for generations to come.

This concludes my report.

Elizabeth L. Littlefield
President & CEO