
OPIC



**Congressional
Budget
Justification**

**Fiscal Year
2016**

Overseas Private Investment
Corporation

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PRESIDENT'S LETTER

This year's budget submission from OPIC addresses several top priorities.

The U.S. needs innovative, lean-government approaches that catalyze the power of the market and private enterprise. The U.S. needs to be more than business-friendly, it needs to be a business partner. The U.S. needs to roll back national security threats, create opportunities for our businesses abroad, and extend America's leadership in development. Last but not least, the U.S. needs to further reduce the budget deficit.

OPIC accomplishes all of these goals by leveraging private capital to achieve development aims in key markets abroad, partnering with business as a force for good.

OPIC's Foreign Policy Contributions

OPIC's steady, bottom-line approach has allowed it to make meaningful contributions even as the world abroad has changed markedly in the space of a few years:

- As America seeks to counter the rapid rise of ISIL — one of the most volatile and destabilizing threats in years — OPIC is mobilizing investment to generate economic growth and provide the impoverished youth of the Middle East with jobs as an alternative to radicalization. Roughly 30 percent of OPIC's portfolio is in economies that are near ISIL conflicts or in other economies facing conflicts, such as Ukraine or Georgia.
- As market conditions have changed, OPIC has been able to help American businesses take advantage of unprecedented opportunities in developing nations. Renewable energy, for example, is being rapidly deployed throughout the emerging markets and U.S. power developers are playing a leading role in that growth. Renewables now account for almost half of the global growth in the overall power supply. OPIC has responded to client demand, and last year posted a record \$1.2 billion in financing for wind, solar, hydropower, and biomass combined. These investments will help reduce energy poverty among millions of people.
- Two years ago, for the first time ever, foreign direct investment (FDI) into the developing world exceeded FDI into advanced economies.¹ OPIC's role is to catalyze that FDI. This means that the demand for OPIC's financing and insurance to propel these investments is growing as fast as the emerging markets themselves. Over the past 10 years, investment by the DFI community — DFIs like OPIC and the DFIs of Germany, Japan, China and others — grew at a rate 10 times as fast as traditional development aid.²
- The consumer market of 6 billion people in the developing economies is growing faster and becoming more competitive than ever before. And America has a proven, tested, cost-effective and rapidly scalable model — OPIC — to achieve progress in development by harnessing foreign direct investment. In the past year alone, OPIC's

financing will support the installation of more than 1,000 new megawatts of power and help create more than 18,000 jobs in developing countries and emerging markets.

- Whether the challenge is access to the massive and rapidly growing markets of the Asia-Pacific, the energy needs of a burgeoning African continent, or greater investment in the poorer nations of the Caribbean and Central America, OPIC is being called upon to use its unique blend of development experience and financial expertise. Through President Obama's Power Africa initiative, for example, OPIC is not only improving the lives of Africans, it is also helping to address climate change by reducing reliance on diesel or heavy fuel oil.

OPIC as Business Partner

OPIC is a champion of business. In particular, OPIC proactively focuses on partnering with U.S. small businesses who are interested in investing abroad. Almost three-quarters of the Agency's transactions over the past five years involved small and medium-sized businesses.

OPIC today focuses on leveraging private capital in new and innovative ways and continues to implement new ways to be cost-effective. For example, OPIC has introduced framework lending agreements for microfinance and small and medium-sized businesses, master agreements for political risk insurance, and initiatives to attract investors from foundations and endowments.

OPIC is lean government at its best. Despite a relatively small staff of some 230 FTEs, the Agency invests approximately \$3 billion each year, while fulfilling its mandate to maintain a conservative, self-sustaining portfolio, and while mobilizing billions more in private capital investment from its business partners.

OPIC Reduces the Deficit

OPIC is mandated to be self-sustaining. But OPIC goes further. OPIC earns more than it spends and has reduced the budget deficit every year for 37 consecutive years. This past year, OPIC returned \$358 million to the Treasury.

OPIC is set apart from other agencies in that it does not merely have more demand for development projects than it can meet; OPIC has more demand for *deficit-reducing* development projects than it can meet.

OPIC's Budget Request

Given the extraordinary changes of recent years, OPIC is now requesting use of its own resources to fund a significant increase in the Agency's Administrative Budget —to \$83.5 million and an appropriation for our existing Limited Partner Authority to enable OPIC to partner with other development-minded investors in limited-life, pooled funding vehicles.

This request has support in Congress and in the White House:

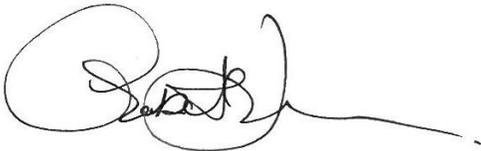
- The bipartisan super-majority U.S. House voted last year to reauthorize OPIC and strengthen its capabilities;
- There is growing, bipartisan coalition working to do the same in the Senate; and
- It implements the President's Power Africa initiative and the Vice President's Caribbean/Central America initiative.

The importance of OPIC for the long-term health of the U.S. economy and development outcomes in key emerging markets can hardly be overstated. America is not assured economic leadership in the developing nations. The trillions of dollars needed in poor nations for food, water, and energy in the coming decades could mean trillions of dollars of opportunity for America's companies, but only if they have the chance to offer their unrivalled talent for inventive, entrepreneurial solutions.

OPIC offers a lean-government, deficit-reducing way to achieve those aims.

Thank you for your consideration.

Best,

A handwritten signature in black ink, appearing to read 'Elizabeth Littlefield', with a long horizontal flourish extending to the right.

Elizabeth L. Littlefield
President and CEO

OPIC BUDGET IN BRIEF

OPIC is requesting use of its own resources to increase the Agency's Administrative Budget to \$83.5 million as well as internal funding of an existing Limited Partner Authority. This will enable OPIC to partner with other development-minded investors in limited-life, pooled funding vehicles. OPIC's FY 2016 budget request, if approved, will bolster economic stability in fragile states, empower OPIC to partner with American businesses to compete more effectively in the global economy, and reduce the federal budget deficit.

Bolstering Economic Stability

OPIC has a long history of achieving development impact in challenging markets — reducing poverty, saving lives, and improving social and environmental conditions — with a prudent, conservative investment philosophy, one that has resulted in 37 consecutive years of contributing to deficit reduction and several years of write-offs net of recoveries of less than 1 percent.

OPIC invests in a diverse array of post-conflict countries such as Iraq, Afghanistan and Rwanda, while also investing in nations that serve as buffers to wider conflict, such as Turkey, Jordan, Pakistan, and Georgia.

This focus not only fulfills the Agency's core mission, but also acknowledges the overwhelming evidence pointing to a causal link between poverty and violence. Low per-capita income is “one of the most robust explanations for the outbreak and duration” of conflict.³ Poor nations, on average, experience a violent regime change every seven years; the average for the richest 10 percent of nations is every 60 years.⁴ Today, roughly 400 million of the extremely poor still live in fragile states,⁵ several of which possess weapons of mass destruction.

Further, the odds of conflict and terrorism are higher when the poor are predominantly young, which is precisely the pattern that exists in the ‘Arab Spring’ nations and post-conflict and fragile nations of strategic interest to the United States.⁶ The rise of ISIL and its ability to attract young recruits from across a wide swath of the Middle East, underscores the importance of long-term investment that can serve as an alternative to radicalization.

While promoting stability is a key element of OPIC's mission, an equally important issue is addressing the pervasive energy, food and water deficits that, when combined, make global poverty so intractable in some nations and regions.

Some 6 billion people live in developing nations – more than 80 percent of the world's population.⁷ Seven of the top 10 fastest growing economies in the world are in Africa, where extremes of dire development needs and exciting economic potential exist.

Empowering American Businesses in the Global Economy

OPIC has been tasked with helping to ensure that the emerging markets become ever greater opportunities for American businesses, and that the widespread challenges to meet the basic needs of such nations are met in efficient, innovative ways.

The rate of growth in the emerging market economies has exceeded and is projected to continue to exceed the growth rate of the advanced economies.⁸ OPIC has played a pivotal role to ensure that America's businesses — especially small businesses — have opportunities to participate in such growth. On average, almost three-quarters of OPIC's transactions involve small and medium-sized businesses.

Each dollar that OPIC invests to serve the cause of American business, also serves the cause of development critical to America's foreign policy.

As the global population climbs toward 8.3 billion by 2030, demand for food, water, and energy is forecast to grow by some 35, 40, and 50 percent respectively. America's entrepreneurial companies — and its capital markets — are uniquely qualified to help address these needs.⁹

For example, American innovation has fundamentally changed the cost curve of renewable energy in the past few years: the levelized cost of leading solar technologies has fallen by nearly 20% from 2013 to 2014, and by nearly 80% from 2009 to 2014.¹⁰

Deficit Reduction

The growth proposed by this budget will support additional staff to address these challenges, deliver on OPIC's mission, and respond to Administration initiatives, all while continuing OPIC's record as a self-sustaining agency.

\$ in millions	FY 2014	FY 2015	FY 2015	FY 2016
	Actual	Request	Enacted	Request
Resources				
Administrative Appropriation	62.6	71.8	62.8	83.5
Credit Program	<u>27.4</u>	<u>25.0</u>	<u>25.0</u>	<u>20.0</u>
Total Appropriations, Gross	90.0	96.8	87.8	103.5
Collections, Net	<u>-299.9</u>	<u>-299.9</u>	<u>-398.0</u>	<u>-366.0</u>
Net Budget	-210.0	-203.1	-310.2	-262.5

Administrative Budget Request

OPIC proposes a robust increase of an additional \$20.7 million in administrative resources over the FY 2015 enacted appropriation to achieve the ability to play a significant role in addressing development. Of this amount, \$1.8 million is included for new independent audits, evaluations, and inspections in response to mandates from Congress and calls from stakeholders.

OPIC believes that it can mobilize long term sustainable development to align even more closely to Administration objectives and U.S. business needs. OPIC does so in a way that generates negative outlays so that OPIC will continue to be self-sustaining, covering not only its own costs but those of other agencies in the 150 Function.

The proposed budget will allow OPIC to commit an estimated \$3.6 billion in loan commitments and insurance contracts and generate estimated collections of \$366 million. These collections are comprised of receipts from OPIC's finance and insurance programs as well as interest on its holdings in Treasury securities.

The growth proposed by this budget will support additional staff to address these challenges, deliver on OPIC's mission, and respond to Administration initiatives, all while continuing OPIC's record as a self-sustaining agency.

\$ in millions	FY 2014 Actual	FY 2015 Request	FY 2015 Enacted	FY 2016 Request
Resources				
Administrative Expenses	62.6	70.0	62.8	81.7
Inspections & Evaluations	<u> </u>	<u>1.8</u>	<u> </u>	<u>1.8</u>
Administrative Appropriation	62.6	71.8	62.8	83.5
Credit Program	<u>27.4</u>	<u>25.0</u>	<u>25.0</u>	<u>20.0</u>
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Net Budget	-210.0	-203.1	-310.2	-262.5
Commitments				
Finance and Funds	2,246	3,400	2,550	2,950
Insurance	<u>380</u>	<u>800</u>	<u>650</u>	<u>650</u>
Total Program	3,626	4,200	3,200	3,600
Renewables	1,485	1,000	1,000	1,000
FTE	223	255	280	290

Resources Drive Programs

Increased personnel needed to scale – Much of OPIC’s budget will continue to support payroll and contract support, because most of OPIC’s work is project oriented and knowledge/labor intensive. While technology can automate certain tasks, the execution of lending and insurance is inherently a case-by-case, project-by-project exercise. OPIC’s business model requires staff to develop, structure, finance, and monitor complex financial transactions. There is a correlation between additional investments in payroll and increased transactions.

OPIC cannot scale its program without adding staff because OPIC assesses finance and insurance applications on a rolling, case-by-case, basis. OPIC has explored other means of delivering larger program levels within the same resources using a range of approaches, such as:

Delegating deal origination – OPIC uses major banks and other financial intermediaries to assist in on-lending around the world, particularly on-lending to small and medium sized businesses (SME’s), and microfinance on-lending. These banking relationships enable OPIC to reach many more local companies globally than would be possible. But these banking relationships also require close supervision on OPIC’s part, which in turn requires OPIC to employ capable and experienced professionals to provide the supervision.

Automation – OPIC’s project-specific focus and detailed statutory requirements also make highly qualified staffing necessary. However, OPIC can enhance the productivity of those professionals through back-office financial services automation. Thus, OPIC’s request will also fund appropriate systems technology, as described below.

Larger transactions – OPIC could focus its resources on larger transactions; however, that approach would concentrate risks and prevent OPIC from maintaining its successful transaction flow with small- and medium-sized businesses. Moreover, large transactions are not always feasible or prudent in the smaller or frontier markets. Thus OPIC needs the staff resources to continue and expand its work with SMEs. For example, OPIC would like to strengthen its outreach to U.S, small businesses by posting at least two business development specialists to U.S. cities outside Washington D.C.

- With some **230 FTE**, OPIC supports an **\$18 billion portfolio** of more than **500 transactions** in more than **102 countries**.
- Over its history, OPIC has mobilized approximately **\$2.46 in non-Federal resources** for each **\$1 of commitments**.
- In FY 2014, **each OPIC employee** generated an average of **\$16.3 million in new commitments** and more than **\$1.5 million in deficit reducing receipts** for the Federal government.

Resources for Limited Partner Authority

OPIC is seeking authority to use up to \$20 million from its Credit Reform Appropriation and \$20 million in transfer authority to invest in private equity funds that serve the OPIC mission. As a Limited Partner (LP), OPIC would be investing alongside private and other official LPs in privately managed, limited life investment vehicles that have ownership interests in a diversified portfolio of assets. OPIC would not be investing equity directly in individual foreign-owned companies or choosing winners and losers. This LP authority will be used in regions of OPIC's and the Administration's highest policy priorities, Sub Saharan Africa and the Caribbean.

While OPIC has existing legal authority¹¹ to make such LP investments under its current investment funds program, it is not resourced to do so. Instead, it provides a debt product that limits OPIC's ability to participate in the emerging markets private equity field. OPIC therefore seeks a specific appropriation as described above.

An LP equity program would provide several benefits. First, the development impact of risk-equity is potentially far greater than that of a loan or guarantee. Development minded investors can take the long view of sustainable social impacts in a way that lenders cannot. Second, OPIC would be able to use the incremental return of an equity program to diversify its total exposure – increasing overall stability of OPIC's portfolio and enabling in the long run greater risk capacity at OPIC. Finally, as an LP, OPIC would be able to collaborate in a simpler, more standard, and more compatible structure with other development finance institutions at the same level.

Historically, OPIC is one of the most experienced institutions in emerging markets private equity funds, having provided some \$4.2 billion in support of 62 private equity funds. Since the investment funds program was restructured 12 years ago, it has consistently generated a surplus to the Treasury and has had no defaults. This latter achievement represents an exceptional record of success for a private equity program.

OPIC has been selecting emerging market fund managers for 25 years—and manager selection is the single most critical factor to a successful investment program. OPIC has strong, transparent procedures, effective checks and balances, and competitive processes in place to manage the current funds program prudently and efficiently.

The experience and capability that OPIC has today is directly applicable to an LP equity investment program, which would allow OPIC to exercise greater selectivity in choosing partners and greater likelihood of closing a transaction, thereby catalyzing capital to achieve the policy goals. Furthermore, with a sufficiently robust investment program of highly diversified investments across geographies, strategies, sectors, and vintage years, this program can conservatively expect far more net collections than the current debt program and even less risk to OPIC's total portfolio.

OPIC is the only one of at least 30 private sector-focused development finance institutions (DFIs) that does not have the ability to participate as an LP in private equity funds.

Among U.S. government agencies, OPIC is the most experienced private equity operator in terms of knowledge, processes, networks, reputation, and returns. OPIC's processes and governance have been extensively vetted by GAO and Appropriations staff, including a year-long study by the House Surveys and Investigations staff assigned by the House Appropriations Committee.

A recent report published by the Brookings Institution recommended:

“The executive branch, working with the Congress and interested private sector and civic organizations, should develop a package of initiatives to enhance U.S. development finance instruments, including providing OPIC with a multi-year authorization to operate equity and first loss authority... These and other recommendations to strengthen US DFIs are found in recent reports by experts at three think tanks [as well as] the Global Development Council and the U.S. National Advisory Board on Impact Investing.”¹²

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OPIC's Business Model

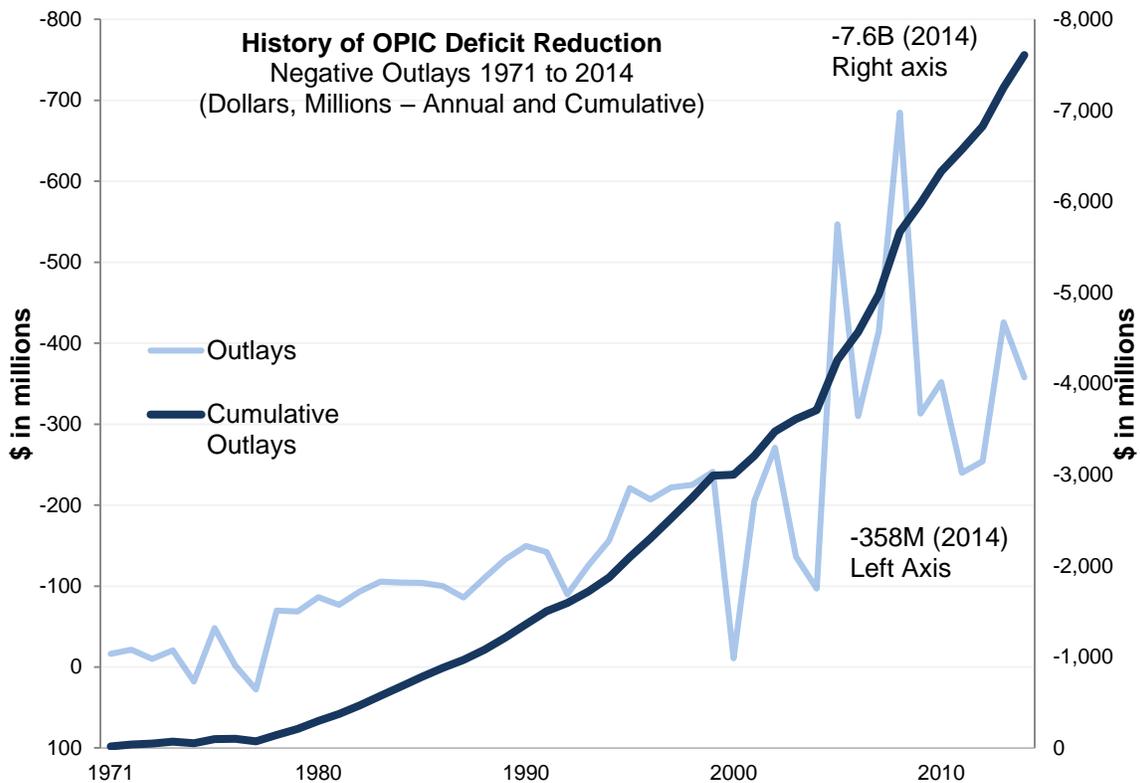
OPIC is Self-Sustaining

When OPIC was created in 1971, it was organized as a government-owned corporation in order to operate like a business, on a self-sustaining basis, at no net cost to the American taxpayer. OPIC does this by charging market-based fees and premiums for its loans and insurance. These receipts enable OPIC to generate more inflows than outflows, and thus build reserves without drawing on the U.S. Treasury.

OPIC's structure – its authorizing legislation, its status as a government-owned corporation, down to the design of its accounting systems and its budget – reflects the principle that OPIC is intended to be run on a self-sustaining basis. OPIC's operations generate receipts, create capital, and set aside resources for the activities of the business. OPIC invests its earnings in Treasury securities, and thus lends to the Treasury. OPIC's reserves now total \$5.4 billion invested in Treasury securities – further insulating the

Treasury from the risk that OPIC's portfolio might generate losses requiring additional appropriations.

By balancing risks, returns and resources, OPIC earns a return for the budget, maintains itself as a self-sustaining Federal Corporation, and helps to reduce the Federal deficit. In FY 2014, OPIC's positive effect on the Federal budget totaled \$358 million – the 37th consecutive year that OPIC has contributed to reducing the Federal deficit.



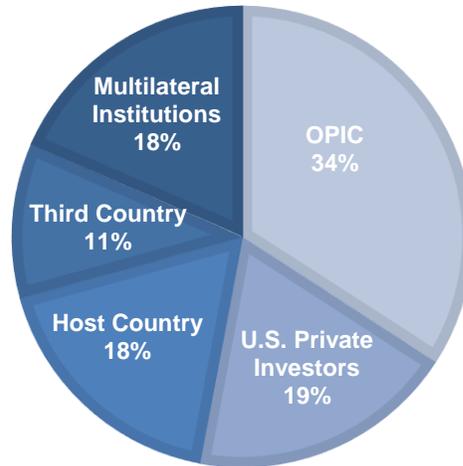
OPIC as a Resource Multiplier

For the period 1974-2014, for each \$1 of insurance and finance commitments, OPIC calculates that \$2.46 was mobilized in external capital. OPIC committed over \$70 billion in insurance and finance commitments in this time period, and other partners committed \$185 billion. Put another way, every \$1 of OPIC's budget supports almost \$175 in private investment. This illustrates how OPIC can efficiently use Federal dollars to mobilize other external resources.

In FY 2014, OPIC committed to support 86 new projects in 38 countries. Total projected debt and equity investment in these projects by OPIC and its fellow investors is \$6.76 billion. OPIC offers project financing and guarantees, political risk insurance, and loan

OPIC'S CATALYZING EFFECT: SOURCES OF DEBT AND EQUITY INVESTMENT IN OPIC'S FY 2014 PROJECTS

■ OPIC ■ U.S. Private Investors ■ Host Country ■ Third Country ■ Multilateral Institutions



guarantees to companies, investors, and private equity investment funds. The 86 new projects which OPIC committed to support in FY 2014 included 52 finance projects, 5 insurance projects, and 29 investments in portfolio companies by OPIC-supported investment funds.

Promoting U.S. Business Growth and Development

Creating Innovative Products for Companies and Investors

Innovation has long been a guiding principle at OPIC, which has built creative deal structures and partnerships to address the challenges of investing in the developing world. OPIC works with the private sector to find new solutions to old problems, for example:

Impact Investing Initiative – OPIC continues to strengthen its work and leadership in the field of impact investment by committing over \$2.9 billion in impact sectors in FY 2014, including \$188 million in support of projects with the explicit intention of promoting social and environmental returns in addition to financial returns. OPIC's President and CEO, Elizabeth Littlefield, serves on the U.S. National Advisory Board for the G7 Impact Investing Taskforce. Working with partners in the development finance sector, OPIC is helping coordinate benchmark reporting metrics to clearly show how environmental and social returns are being achieved. Interagency cooperation with TDA and the U.S. State Department through the ACEF program, Global Development Innovation Ventures (GDIV) and regular meetings with the Development Credit Authority is yielding an alignment of U.S. early stage grant, financing and guarantee capital. In addition, OPIC is working with U.S. private investors, foundations, and family offices to help them identify opportunities to intervene in challenging impact sectors such as agriculture and early stage financing of scalable SMEs.

Innovative Financial Intermediary Program – OPIC has seen increased demand from fund managers and investors for financing to financial intermediaries that contains elements of both its financing and investment funds programs, but do not fit squarely into either category. In response, this past November OPIC launched the Innovative Financial Intermediary Program (IFIP). IFIP is a two-year \$500 million pilot program to help small and medium enterprises through financing for small equity funds, debt funds, hybrid debt-equity funds, and greenfield nonbank financial institutions.

Portfolio for Impact (PI) is a pilot program designed to support small projects that have great potential to generate a positive social impact but face multiple challenges in obtaining financing. The two-year, \$50 million program will support a select group of projects that meet clearly defined eligibility requirements. OPIC will support these projects with loans from \$1 million to \$5 million with a maximum tenor of 10 years. In order to monitor and mitigate risk, OPIC will underwrite and monitor these projects individually and as part of a portfolio.

Renewable Energy Equipment Leasing – OPIC has developed a new financing framework which utilizes the energy savings from installing energy efficient products to fund their purchase. Loans are available for a variety of renewable energy or energy efficient equipment – from LED street lighting to rooftop solar panels.

Green Guaranties – In 2014, OPIC issued the first ever Green Guaranties. Green Guaranties are U.S. Government guaranteed certificates of participation which adhere to the Green Bond Principles of 2014 which recognize several broad categories of potential eligible projects including renewable energy, energy efficiency, sustainable waste management and clean water.

Insurance protection for regulatory risks – This product provides a guarantee of payments under a power purchase agreement against unilateral changes of tariffs, e.g., a Feed-in Tariff, or against government actions that violate existing contracts by interfering with investors' ability to utilize available revenue flows.

Improving Operational Efficiency

Framework agreements – OPIC has signed multiple framework agreements with international commercial banks to standardize workflow, divide responsibilities, and manage risk relationships so that these lenders can efficiently partner with OPIC. These lending partnerships provide businesses in emerging markets with access to the international banking market, many of them for the first time. Framework agreements allow OPIC to delegate project origination and costs in target countries and sectors. Under these agreements, the partner bank originates the deal, conducts due diligence, and presents the proposal to OPIC for analysis and approval. Framework agreements allow OPIC to better leverage its expertise, achieve economies of scale, and affect broader development outcomes.

Updating and streamlining internal policies – This past year OPIC undertook a comprehensive effort to update, clarify, and harmonize the Agency’s transaction guidelines in order to more easily meet the demands of companies and investors and to deliver a greater developmental impact. OPIC management identified, analyzed, and addressed the different constraints on OPIC’s ability to do business. The resulting policies are more transparent, consistent, and flexible, and better reflect the way businesses operate.

Enterprise Development Network (EDN) – Another example of an efficient business model at OPIC is the Enterprise Development Network (EDN). EDN is a strategic alliance between OPIC and the private sector which allows participating entities to act as “deal originators” for OPIC. Through a network of private sector organizations, such as participating financial institutions, business consultants, associations, law firms, state/regional promotion and sister agencies, EDN extends OPIC’s ability to provide financing and political risk insurance to small businesses doing business in developing countries. By empowering such service providers, the network results in more efficient, cost-effective delivery of services to American and local businesses. OPIC now deploys a network of over 100 private sector partners and business consultants that generate, screen, and prepare transaction applications on a fee-for-success basis. This significantly reduces staff time in screening and advising prospective clients.

Cycle time – By simplifying the process of reviewing applications, OPIC has reduced the typical approval cycle time. It has negotiated a cooperative agreement with fellow development finance institutions such as the International Finance Corporation, to harmonize much of the loan documentation, due diligence, and legal processes. These steps will save time and reduce costs for both lenders, companies and investors while enabling OPIC to increase its impact with fewer resources.

Issuing “master” insurance contracts – When an investor needs to insure a series of similar projects or activities in a number of countries, OPIC can issue a single master contract that replaces the numerous similar contracts which would have required separate negotiation, clearance, approval, and administration. Master contracts save time and improve client services, minimizing redundancies in the contracting process. These contracts have been utilized by a number of relief organizations, such as the International Rescue Committee, to protect their assets in post-conflict countries.

Supporting U.S. Small Businesses and America's Global Competitiveness

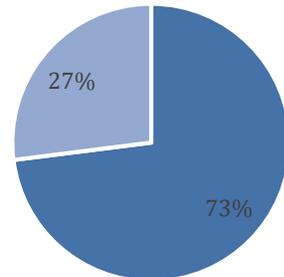
U.S. companies, both large and small, seek to compete in new markets but are often faced with a host of challenges, including scarcity of investment capital during these tough economic times.

This challenge is particularly acute for U.S. small businesses. OPIC opens opportunities for eligible U.S. businesses by offering affordable project financing and political risk insurance for investments in emerging markets. OPIC products are tailored to client needs and are unavailable in the private markets under similar terms.

OPIC is particularly focused on supporting U.S. small businesses, not only because it is part of OPIC's mandate, but because U.S. small businesses are among the most valuable, innovative, and capable partners in achieving OPIC's development goals. U.S. small businesses employ half of all private sector workers and account for approximately 99 percent of all enterprises. Over the last five years, OPIC has committed \$5.6 billion in finance and insurance to more than 348 new projects with significant involvement of U.S. small businesses. In FY 2014, OPIC continued its focus on U.S. small businesses. In addition to financing and insurance received from OPIC, U.S. small businesses also benefit through procurement: new FY 2014 projects are expected to procure \$15 million over the next five years from 24 small businesses located in 16 states and the District of Columbia.

OPIC's popular *Expanding Horizons* workshop series is the cornerstone of its small business outreach effort. For several years, OPIC has been traveling around the country to inform small businesses about the finance and insurance tools that can help them expand into high-growth developing markets. Since its inception in 2006, *Expanding Horizons* has educated over 2,900 U.S. small businesses and entrepreneurs.

Percent of OPIC Projects in support of Small Businesses
(Five-year average (2010-2014))



■ Percent of Small Businesses ■ Others

U.S. Economic Benefits of New FY 2014 Projects

Total project investment	\$6.8 billion
U.S. investment in projects	\$3.6 billion
U.S. percent of total	53%
U.S. exports ¹	\$316 million
Initial procurement	\$266 million
Operational procurement ¹	\$50 million
U.S. jobs supported	409

¹ Total amount over a 5-year period.

OPIC Advances U.S. Priorities

OPIC in Fragile and Post Conflict Nations

OPIC's work in post-conflict countries helps them to stabilize and grow their economies while also supporting U.S. foreign policy priorities. OPIC currently supports nine active projects in Iraq and 17 in Afghanistan in sectors ranging from construction and housing to small business financing, and also supports development in other countries that have experienced political instability. In Lebanon, for, example, OPIC has long supported microfinance lending. OPIC's partnerships with Global Communities has disbursed \$28 million to more than 3,500 borrowers since 2007. The program was so successful that when it ended in 2012, OPIC was asked to replicate it with a second \$25 million facility.

OPIC political risk insurance has also supported the emergency aid work of the International Rescue Committee, one of the world's largest humanitarian organizations, in more than a dozen post-conflict countries such as Iraq, where IRC has rebuilt schools that reach close to 50,000 students. OPIC insurance also supported IRC's work providing health care and child survival programs in newly independent South Sudan, where in recent years, hundreds of thousands of Sudanese refugees fled decades of war and food shortages.

See Appendix C: OPIC Activity in Selected Countries and Regions for details about specific projects.

Support for Middle East and North Africa

In response to the Arab Spring, OPIC pledged \$2 billion in financial support for private investment in the Middle East and North Africa and an additional \$1 billion specifically for Egypt. OPIC responded quickly to the sweeping changes taking place throughout the region, and within six months, OPIC's Board approved \$500 million to support lending through local banks in Egypt and Jordan to small businesses, which are the engines of employment and growth.

OPIC continues to make progress towards these two commitments, with more than \$1.5 billion in financing, guarantees, and insurance committed to date. This support has enabled new investment in critical sectors including infrastructure, energy, and financial services support for SMEs. In Jordan, for example, two OPIC-financed power plants now collectively provide 25 percent of that country's electricity and an OPIC-financed water pipeline has increased the supply of drinking water in Amman by 20 percent.

Greater Emphasis on Asia and the Pacific

In November 2012, the President, in partnership with the Sultan of Brunei and the President of Indonesia, announced the U.S.-Asia Pacific Comprehensive Partnership for a Sustainable Energy Future.¹³ The Partnership will offer a framework for consolidating and expanding energy and environmental cooperation across existing regional forums to advance efforts to ensure affordable, secure, and cleaner energy supplies for the region.

OPIC will provide up to \$1 billion in financing, political risk insurance and private equity funding for sustainable power and energy infrastructure projects in Asia-Pacific as part of the U.S. Government's \$6 billion commitment to support energy development in the region. In order to drive investment and facilitate regional progress on renewables and cleaner energy, interconnectivity and sustainable development OPIC has established a new office in Bangkok, Thailand.

OPIC will coordinate with other U.S. Government departments and agencies and engage with the private sector as well as partner countries in the region to identify specific eligible projects within these priority areas.

Power Africa

In June 2013, President Obama launched the Power Africa Initiative with the goal of doubling electricity access in Africa. The initiative involves significant funding in public and private capital, and unprecedented levels of collaboration among institutions such as OPIC, the U.S. Agency for International Development, the Export-Import Bank, Department of State, Department of Energy, the Millennium Challenge Corporation, and the U.S. Trade and Development Administration.¹⁴



OPIC plays a central role in the President's Power Africa initiative, and OPIC's FY 2016 budget provides the budgetary resources that OPIC needs to meet this challenge. Under Power Africa, OPIC has committed to providing \$1.5 billion of financing and insurance to develop energy projects throughout Sub-Saharan Africa over the next five years. OPIC needs the levels in this budget request to institutionalize support for this initiative.

More than two-thirds of the population of sub-Saharan Africa is without electricity, and more than 85 percent of those living in rural areas lack access. According to the International Energy Agency, sub-Saharan Africa will require more than \$300 billion in

investment to achieve universal electricity access by 2030. Only with greater private sector investment can the promise of Power Africa be realized.

In August 2014, President Obama expanded the Power Africa vision, increasing the goal for new, cleaner electricity capacity from 10,000 megawatts to 30,000 megawatts and tripling the accessibility target to 60 million households and businesses. The program will help enhance energy resource management capabilities of partner countries, allowing them to meet their critical energy needs and achieve greater energy security through a variety of on-grid, mini-grid, and off-grid solutions. The initiative has initially focused on Ethiopia, Ghana, Kenya, Liberia, Nigeria and Tanzania, all countries where OPIC has supported projects.

OPIC convenes key stakeholders to accelerate the complicated multi-party financial transactions. The agency was a key participant in the August 2014 U.S.–African Leaders Summit, hosting and facilitating business-to-business and business-to-government meetings designed to foster greater investment in Africa by focusing on specific projects and reforms that would foster growth. To underscore its commitment, OPIC committed \$50 million in direct financing to support construction and operation of the *Azura-Edo* power plant project near Benin City in Edo State, Nigeria. The 459 megawatt *Azura-Edo* power project is an open cycle gas turbine power station that represents the first phase of a potential 1,000MW power plant facility.

In addition, OPIC is working with the State Department and U.S. Trade and Development Agency to provide \$20 million in project preparation, feasibility and technical assistance support to deserving projects in the OPIC pipeline. These contracts are provided through the U.S.–Africa Clean Energy Finance Initiative (U.S.-ACEF) and supported by the new U.S. – Africa Clean Energy Development and Finance Center (CEDFC) in Johannesburg, South Africa.¹⁵

Spotlight on Central America and the Caribbean

OPIC will play an important role in the whole of government effort to expand U.S. engagement in Central America. This budget therefore includes \$2 million for project promotion and support in Central America.

The Central American and the Caribbean regions are a proving ground for some of the most innovative projects in OPIC’s history. One of OPIC’s most striking successes in Central America is its 2008 loan to Inter-Mac International Inc. to support construction and financing for up to 10,000 homes for low-wage workers throughout Central America. Inter-Mac began this project in Honduras, where it has so far provided safe and affordable housing to about 5,000 people in the Los Castaños de Choloma community. By providing access to education with an on-site elementary school and helping minimum wage earners start on a path toward home ownership, the project won a Gold Nugget award in 2013 from the Pacific Coast Builders Conference.

OPIC plays a lead role to support clean energy development in the Caribbean. OPIC provided financing to the AIC Caribbean Fund, which financed the construction the first

wind turbine farm in the Dominican Republic, a mid-scale, grid-connected facility capable of generating 25.2 megawatts. At peak operation, the wind facility is capable of offsetting as much as 62,500 tons of carbon dioxide (CO₂) annually – equivalent to taking more than 13,000 automobiles off the road. The project helped prove the viability of wind energy in the Dominican Republic, which today is on track to have 300 megawatts of installed capacity from wind turbines by the end of 2016. OPIC's recent activities to promote energy independence in the Caribbean include providing \$43 million to construct a 34MW wind farm in Jamaica and \$10 million to support distributed solar leasing in Aruba and Curacao.

In 2014, OPIC committed \$412 million across 10 projects to advance the cause of development in Central America and the Caribbean. These commitments include:

- \$22.5 million to finance improvements to the Jamaica Public Service Company's electrical transmission and distribution operations;
- \$56.2 million to provide affordable mortgage loans to low and middle income borrowers in Panama;
- \$7.5 million to support an equipment leasing facility for small-and-medium size enterprises in Costa Rica;
- \$250 million to finance the 160MW Tres Mesas wind farm in northeastern Mexico;
- \$20 million to support the expansion of a palm oil processor's operations in Honduras.

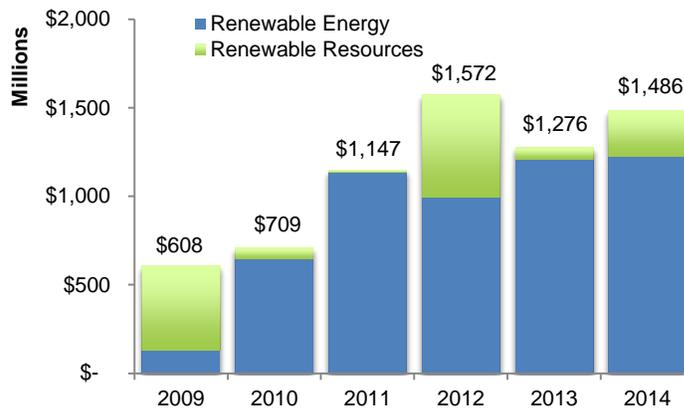
Latin America and the Caribbean continue to represent the largest proportion of OPIC's portfolio. Since 1974, OPIC has committed \$3.7 billion in to support of over 380 projects in Central America. Additionally, OPIC has invested over \$1 billion in regional investment funds that invest in both Central and South America. OPIC's portfolio in the seven Central American countries of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama, currently totals \$1 billion across 46 projects.

Investing in Renewable Resources

In FY 2014 OPIC made record commitments to projects that advance a sustainable, lower-carbon economy, greater resource efficiency, and more secure energy supply.

Since making investments in renewable resources a top priority in 2010, OPIC has seen its activities in these sectors (energy, water, agriculture, forestry) increase dramatically. OPIC supported renewable resources projects in a broad range of countries including Senegal, Colombia, India, Jamaica and Kenya.

Renewable Resources and Energy Commitments



These projects will also have an impact at home by supporting U.S. jobs and companies. For example, in 2014, OPIC committed \$230 million towards the *Luz del Norte* solar photovoltaic (PV) project developed by Arizona-based First Solar— which will be, when completed, the largest PV project in Latin America.

As OPIC started disbursements on this project, in September 2014, OPIC issued its first-ever Green Guaranties. Meeting the requirements of the Green Bond Principles of 2014, OPIC Green Guaranties are linked to renewable energy projects supported by OPIC.

OPIC’s renewable energy commitments in Africa span numerous countries, technology types, and project sizes. For example, through the U.S-Africa Clean Energy Finance (ACEF) program, OPIC provided support to an 8.5 MW solar photovoltaic facility in Rwanda which will increase that country’s entire grid-connected electricity generating capacity by 6% through that single project.

OPIC commitments to renewable resources have grown dramatically in recent years,¹⁶ and these commitments continue to prove to be instrumental to fulfilling the U.S. Government’s commitments towards increasing financial flows to address climate change. Over the past six years, OPIC has committed to provide almost \$7 billion of financing to renewable resource projects (including water and agriculture projects). Private investment has further leveraged these commitments. Last fiscal year’s commitments to renewable resources projects are expected to generate over 1,000 MW of renewable power and help avoid nearly 2 million tons of CO₂ emissions. OPIC is on track for another year of substantial renewable resource commitments. This continuing trend sends a clear message that the transition to a cleaner and more sustainable economy represents massive business opportunities for the private sector.

As population and economies grow, so does the demand for power. Renewable energy is becoming an increasingly practical solution to the power shortages around the world. Accordingly, OPIC’s commitments to renewable energy are also aimed at increasing energy access. For example, in FY 2014, OPIC committed and closed a loan to a subsidiary of Seattle-based Simpa Networks to provide up to 40,000 solar home systems utilizing a rural agent network and a mobile-based, “pay-as-you-go” lease structure. OPIC is proud to be partnering with some of this country’s leading businesses to help

increase access to clean, affordable energy in emerging markets throughout the world. In addition, OPIC is collaborating with several other U.S. Government agencies on new programs and initiatives such as Power Africa to develop innovative solutions for accelerating power projects abroad.

Policy Directive on Global Development

On September 22, 2010, the President signed a first of its kind Presidential Policy Directive on Global Development.¹⁷ The directive provides guidance for Federal agencies on the President’s strategic direction. The table below summarizes the key ways in which OPIC catalyzes the private sector in support of the Directive’s three pillars.

Pillars of Presidential Directive	Key Approaches	OPIC’s Role
<p>A policy focused on sustainable development outcomes that places a premium on broad-based economic growth, democratic governance, game-changing innovations, and sustainable systems for meeting basic human needs;</p>	<ul style="list-style-type: none"> • Foster the next generation of emerging markets by enhancing our focus on broad-based economic growth and democratic governance. • Game-Changing Innovations. 	<ul style="list-style-type: none"> • Private sector-led growth is most likely to be self-sustaining because it focuses capital on efficient uses. • OPIC combines creative and flexible financial tools with the innovation of the U.S. private sector.
<p>A new operational model that positions the United States to be a more effective partner and to leverage our leadership;</p>	<ul style="list-style-type: none"> • Be more selective about where and in which sectors it works. • Underscore the importance of country ownership and responsibility. • Leverage the private sector, philanthropic and nongovernmental organizations, and diaspora communities. • Strengthen key multilateral capabilities. • Drive our policy and practice with the disciplined application of analysis of impact. 	<ul style="list-style-type: none"> • OPIC has signed multiple framework agreements in partnership with commercial banks and peer development finance institutions such as IFC in order to end redundant or inconsistent deal sheets and accelerate project processing. • Where possible, OPIC has aligned its environmental and social standards with the project finance industry standard, the so-called Equator Principles, so private sector clients can proceed with a common set of terminology and standards. • OPIC’s impact investing initiative provides financing for high-impact ventures – whether fully commercial enterprises or social enterprises – that aim for development results in the most challenging sectors while maintaining financial viability.
<p>A modern architecture that elevates development and harnesses development capabilities spread across government in support of common objectives.</p>	<ul style="list-style-type: none"> • Elevate development as a central pillar of our national security policy, equal to diplomacy and defense, and build and integrate the capabilities that can advance our interests. • Establish mechanisms for ensuring coherence in U.S. development policy across the United States Government. • Foster the integration of capabilities needed to address complex security environments. 	<ul style="list-style-type: none"> • OPIC collaborates with USAID through a variety of initiatives and tools, such as the Development Credit Authority. See Appendix B. • OPIC collaborates with the SBA, Export-Import Bank, USTDA, and Commerce for “Expanding Horizons” workshops that held educate businesses across the U.S. about the full spectrum of financing and support available for those interested in pursuing opportunities in the global economy. • The Africa Clean Energy Finance initiative (ACEF), is a cross-agency facility to help pioneering clean-tech initiatives with engineering, legal, consulting and other soft costs. It was developed by OPIC in partnership with the State Department, USTDA, and USAID. To date, more than half the funds have been applied to a wide range of projects ranging from mini-grids fueled by biomass to smart meter systems to solar, wind, and hydro projects.

Monitoring and Oversight

In order to adequately monitor OPIC's portfolio and maintain private sector reporting best practices, OPIC management anticipates a continuing need for additional monitoring, evaluation, and independent oversight.

New Monitoring and Evaluation Initiatives - OPIC would like to make public, in a more accessible way, the projected and actual development impact and U.S. economic impact data it collects, to the extent allowable under business confidentiality requirements. Enhancing current systems and building interactive online tools and graphic presentations to present these data visually will require additional staff with new skillsets.

In addition, a growing portfolio requires increased monitoring of development impact. OPIC would like to conduct deeper close-out reviews of projects as they terminate, including their financial and development impact performance. These reviews would be structured to generate lessons learned for future projects. This would also bring OPIC more in line with other development finance institutions. OPIC would also like to build a platform that merges projected, client reported data, and site monitoring data, to better assess how well the project achieved its intended and estimated development impact. This would require new IT infrastructure and software systems to consolidate and integrate development impact data for greater ease of use.

Systems Life-Cycle and Mandates

Reporting systems –Treasury, OMB, OECD, and external audit requirements require systems upgrades and management. Compliance with government-wide requirements, continuous operations and maintenance, and a needed rolling replacement of obsolete and unreliable equipment require ongoing resources. Meeting these reporting requirements calls for the development of enhanced reporting solutions.

Legacy system replacement – Core critical systems such as Staff Central (OPIC's on-boarding and off-boarding system) and APPX (a project pipeline management software application) are built on archaic technology for which technical support is no longer available. These systems must be modernized to meet Federal audit control standards and enhance OPIC's ability to report externally, and foster internal productivity and efficiency.

Support of credit reform – OPIC's existing data structures and capabilities require sophisticated programming to track, analyze and report data at an individual loan level. Data integration and management will require new tools.

IT Compliance - Electronic records, privacy, continuity, security, and mobile initiatives or requirements are functions which are required government-wide and must be aligned, implemented, and maintained across the organization.

Mission and Operation Support

Underwriting policy and integration – OPIC’s production process can always be improved with process support. Absent this support, mandated requirements can crowd out efficiency improvements.

Portfolio risk management – OPIC manages its \$18 billion portfolio on systems whose costs represent a small fraction of that portfolio. As OPIC develops its support for industry standard products, direct loans in foreign currencies, and local currency guarantees, the Agency will need improved analytic and monitoring capabilities to analyze and monitor these exposures. OPIC’s current accounting, reporting, and credit reform capabilities are not built to sustain these products.

Transition to the Cloud – OPIC is moving toward integrating functional elements such as e-mail, knowledge management, and collaboration technologies within the Cloud. This will require planning, management and oversight of all phases of the migration, including risk management, security transition, execution, and long-term management of the service level agreements with commercial vendors.

Accessibility to services – The development and implementation of application functionality such as a web-based customer application portal improves potential customers’ access to OPIC services, and ultimately the likelihood of customers accessing OPIC’s product lines. Further development and implementation of similar functionality will continue to increase customer accessibility to OPIC’s services and in turn, result in increased earnings and development impacts.

Streamlined customer experience – Today, OPIC data are managed in silos across the organization, so crosscutting customer data is not easily retrievable and associated data integration is challenging. A “one-stop-shop” customer portal offers a streamlined customer interface where all OPIC products and associated activity is available, the customer can submit or request information with ease, and self-servicing account management is conventional. This critical interface will improve the customer experience, customer data management, internal data management and processes, and overarching data integration across OPIC products.

Internal Process Improvements

Trimming processes and paperwork - Historically, more than half of all applications for finance or insurance were received by OPIC with errors and returned to the client for clarification. To improve efficiency, lessen the burden on businesses, cut costs, and improve response time, OPIC has simplified client applications. The length of the private equity fund application has been reduced by 30 percent, and the finance application has transitioned to a web-based “smart” system. This new system aims to reduce application acceptance time by 20 percent by avoiding 90 percent of application errors.

IT Improvements – In addition to improving and simplifying applications and other internal processes, OPIC has made targeted investment in information technology to improve internal operations, streamline acquisitions, deliver services, and has achieved savings in core technology costs and non-salary administrative costs. These investments have reduced overall administrative expenses by two percent. Examples of these cost-saving measures include:

Upgrading OPIC’s remote access capabilities to enhance access to corporate resources through state-of-the-art secure technologies. These changes allow OPIC to operate more efficiently and effectively in the modern business environment and provide the basis for launching mobility products and applications in the global environment.

Migration of the OPIC electronic mail systems to a cloud based service provides access anywhere, anytime to a mobile workforce, expanding functionality and reliability of services and improving efficiencies across the lines of business.

Design and functionality enhancements of the customer portal have improved on the functionality and compatibility of the customer experience, streamlining processes and minimizing issues resulting in outdated services and applications.

OPIC is enhancing its collaboration infrastructure and implementing design and functions to improve workflow processing to reduce manual and paper based processes.

OPIC Policy Monitoring Methodology

OPIC is undertaking several initiatives to improve its methodology for assessing and monitoring development impact. For example, OPIC is participating voluntarily in targeted working groups with other DFIs to develop standardized development impact indicators. Adoption of standardized indicators by multiple DFIs will reduce reporting burdens on clients and allow for more efficient reporting by DFIs. OPIC is also improving its data infrastructure and processes to make development impact data more accessible.

Currently OPIC performs comprehensive and integrated monitoring to evaluate the U.S. and host-country economic effects as well as the environmental, social, health and safety, and general working conditions of the projects it supports. OPIC’s integrated project monitoring is designed to ensure that each project complies with statutory and contractual requirements in these areas. Project monitoring consists of site visits to projects in addition to the analysis of information submitted annually by investors in the form of an online “Self-Monitoring Questionnaire”. Since 1993, all investors have been required to complete a Self-Monitoring Questionnaire per the standard OPIC finance agreement and insurance contract.

Using a statistical sampling methodology combined with risk-based monitoring, OPIC identifies investment projects that the Office of Investment Policy staff across all disciplines will monitor on site, drawing active projects that exhibit specific characteristics within the portfolio.

Projects selected for site monitoring include:

- a random sample of projects supported by the agency during a three-year period or “monitoring round;”
- projects supported during this period that are sensitive with respect to U.S. economic effects, labor or environment, social, health and safety issues; and
- projects from other years that have either not been site-monitored in the past or that fit in logistically with randomly sampled projects in similar regions or countries.

Applying the “sensitive project” sample on top of the randomly selected projects ultimately provides a conservative bias to the monitored results.

Labor - OPIC monitors projects for compliance with contractual worker rights requirements through a combination of annual reporting by companies as well as site visits to both random and selected samples of projects. OPIC targets its worker rights monitoring efforts toward countries and sectors with a higher potential for possible worker rights violations.

Because certain areas of worker rights violations may be difficult to identify from a typical project site monitoring visit, in instances when OPIC determines further investigation is warranted for a project, OPIC may employ trained and certified labor rights auditors, usually recruited from the NGO community with reputations for impartiality and credibility among both the labor and business communities, to perform a full project audit. The auditors spend as much time as necessary to investigate thoroughly potential violations. At a minimum, an audit would include independent and confidential interviews with employees and management. Interviews may also include relevant entities such as government officials and knowledgeable local NGOs and organized labor groups.

Environment, Social, Health, and Safety (E&S) - With respect to environmental and social (E&S) issues, projects selected for site monitoring in a given year are prioritized based on an environmental and social risk rating. Environmental and social risk ratings are based on several factors including project sensitivity, host country context, project-level environmental and social management system, and investor experience in implementing projects of similar complexity. OPIC assesses the E&S performance of a project against applicable benchmarks including contract conditions, international standards and guidelines, and industry best practices. Factors incorporated in the performance assessment include an evaluation of the project’s environmental and social management systems, the effectiveness of mitigation, including pollution controls in risk reduction, and the efficiency of the operations, including energy efficiency.

U.S. Economic Impact - OPIC helps U.S. businesses expand into rapidly growing emerging markets that have enormous pent-up demand and opportunities. These investments support jobs, both in developing countries and in the United States. OPIC will not support any project that will harm U.S. jobs or U.S. industry, or have harmful effects on the U.S. economy. In fact, OPIC projects have generated an estimated \$76.6 billion in U.S. exports and supported more than 275,000 American jobs since 1974. All projects visited are evaluated for their actual impact on the United States and host country economies, including the employment generation effects of the investments. OPIC also ensures that projects do not negatively impact the U.S. economy. This analysis includes verifying export levels to the U.S. (if any) or to other countries, calculating the U.S. balance of payments impact, and verifying compliance with any restrictions put forward in the OPIC loan agreement or insurance contract (e.g. restrictions on exporting certain products to the U.S. or to significant U.S. export markets).

OPIC helps support U.S. jobs

- FY 2014 projects are expected to result in U.S. procurement of \$316 million in goods and services over five years and support 409 U.S. jobs.
- No FY 2014 project is expected to result in the loss of any U.S. jobs.
- 78 percent of the 409 jobs expected to be supported in the United States by new OPIC-supported projects are due to renewable energy projects.

Development Impact - Regarding host country economic impact, projects are reviewed across the same criteria as used at the time of project approval. Thus, an “apples-to-apples” comparison can be made between original estimates and actual operations. For example, if a project originally expected to hire 100 local workers, actual employment numbers are verified and compared to this forecast. Additionally, if a project is expected, for example, to build a school for the children of its employees, this will be verified. Other developmental impacts not identified or anticipated at the time of application also are evaluated and quantified during site monitoring. Finally, the project is scored on OPIC’s developmental matrix using actual findings, and this score is compared to the initial developmental impact assessment using the same criteria used in the project’s original OPIC review.

Measuring Development Impact Matrix

OPIC’s core mission is to promote private U.S. investment that will contribute to the economic development of the world’s less developed countries. OPIC selects projects that are likely to serve as foundations for long-term economic growth, especially those that improve upon the host country’s infrastructure, increase access to finance, and provide the basic human necessities of shelter, food, water and health care.

OPIC has two measurement tools – one pertaining to physical investments and one tailored for financial services projects – that enable OPIC to compare the developmental impacts of projects across the portfolio and over time. In 2012, OPIC revised these tools in an effort to simplify, improve, and harmonize its development impact measurement

with other development finance institutions. The revised tools became operational on October 1, 2012.

OPIC measures development impact through the following five broad categories, regardless of the project's industry sector or the host country's level of development. A project must score at least 25 out of 100 possible points on the matrix to be considered developmental and clearly eligible for OPIC support.

OPIC's Development Matrix

Jobs & Human Capacity Building – In addition to the creation of direct, permanent jobs, the matrix takes into consideration the creation of temporary/construction jobs. This factor also measures a project's impact on employee training and employee benefits.

Demonstration Effects – This factor measures a project's impact on technology and knowledge transfer, technical assistance to suppliers or borrowers, the introduction of new products (including financial products), regulatory and legal reform, and the adoption of internationally-recognized quality or performance standards.

Host Country Impact – This factor measures a project's downstream impact through the procurement of local goods and services (both initial and operational), as well as a project's fiscal and foreign exchange impacts. For projects involving financial services, this factor measures the amount of funds to be disbursed, as well as the impact on micro, small, and medium-sized enterprises, entrepreneurship, and home ownership.

Environmental and Community Benefits – This factor captures a project's environmental benefits, such as renewable energy, remediation of brownfield sites, or use of energy-efficient equipment, as well as a project's efforts to help the community in which it operates.

Developmental Reach – This factor measures the extent to which a project improves the host country's infrastructure or provides specific benefits to the lower-income or underserved segments of the population such as women, or is located in a low-income country. For projects involving financial services, this factor measures the extent to which the financial intermediary will target underdeveloped areas or underserved, poor populations.

Reorganization Authority

The President is again asking Congress to revive an authority enabling him to submit fast-track proposals to reorganize or consolidate Federal programs and agencies in order to reduce the size of Government or cut costs. The Budget includes a variety of proposed reforms across government designed to drive efficiency and accountability, prevent duplication, and make government work better and smarter for the American people. One of these reorganizations the President would propose with this authority reiterates his previous proposal to consolidate Federal business and trade programs into one more efficient and effective department dedicated to promoting U.S. competitiveness, exports, and American businesses and jobs. The proposal would integrate the six Federal agencies that focus primarily on business and trade, along with other related programs. These include the Department of Commerce's core business and trade functions, the Small Business Administration, the Office of the U.S. Trade

Representative, the Export-Import Bank, the Overseas Private Investment Corporation, and the U.S. Trade and Development Agency, as well as rural business programs at the Department of Agriculture, Treasury's Community Development Financial Institution Program, and statistical agencies at the Department of Labor and National Science Foundation. To strengthen the new department's focus on business and economic growth, the National Oceanic and Atmospheric Administration would be consolidated into the Department of Interior, strengthening stewardship and conservation efforts and enhancing scientific resources. The Budget schedules for these agencies and programs continue to reflect them in their current alignment.

Notwithstanding this proposal, OPIC continues to pursue reauthorization legislation.

APPENDICES

Appendix A: Proposed Legislation

Reauthorization Legislation - Extension of OPIC Authority

A bill to reauthorize OPIC was introduced in the House as HR 2548 (“Electrify Africa Act of 2014”) and in the Senate as S 2508 (“Energize Africa Act of 2014”). The House passed HR 2548, and the Senate Foreign Relations Committee approved S 2508, but Congress did not complete action on the legislation prior to adjournment.

Waiver of Requirement to Reauthorize

While a reauthorization is pending, OPIC requires a waiver to continue its core programs. The waiver provision would provide as follows:

Notwithstanding section 235(a)(2) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195(a)(2)), the authority of subsections (a) through (c) of section 234 of such Act shall remain in effect through September 30, 2016.

The Consolidated Further Continuing Appropriations Act, 2015 (Public Law 113-235, Sec. 7073(b)) extended OPIC through FY 2015.

Appropriations Legislation: Noncredit Account

The Overseas Private Investment Corporation is authorized to make, without regard to fiscal year limitations, as provided by 31 U.S.C. 9104, such expenditures and commitments within the limits of funds available to it and in accordance with law as may be necessary: Provided, That the amount available for administrative expenses to carry out the credit and insurance programs (including an amount for official reception and representation expenses which shall not exceed \$35,000) shall not exceed \$83,500,000: Provided further, That project-specific transaction costs, including direct and indirect costs incurred in claims settlements, and other direct costs associated with services provided to specific investors or potential investors pursuant to section 234 of the Foreign Assistance Act of 1961, shall not be considered administrative expenses for the purposes of this heading.

Appropriations Legislation: Program Account

For the cost of direct and guaranteed loans, \$20,000,000, as authorized by section 234 of the Foreign Assistance Act of 1961, to be derived by transfer from the Overseas Private Investment Corporation Noncredit Account: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That such sums shall be available for direct loan obligations and loan guaranty commitments incurred or made during fiscal years 2016, 2017, and 2018: Provided further, That funds so obligated in fiscal year 2016 remain

available for disbursement through 2024, funds obligated in fiscal year 2017 remain available for disbursement through 2025, and funds obligated in fiscal year 2018 remain available for disbursement through 2026: Provided further, That notwithstanding any other provision of law, the Overseas Private Investment Corporation is authorized to undertake any program authorized by title IV of the Foreign Assistance Act of 1961 in Iraq: Provided further, That, of the amounts provided herein, up to \$20,000,000 may be transferred and merged with the Overseas Private Investment Corporation Noncredit Account for the purposes of section 2349g(5) of the Foreign Assistance Act of 1961. Provided further, That funds made available pursuant to the authority of the previous proviso shall be subject to the regular notification procedures of the Committees on Appropriations. In addition, such sums as may be necessary for administrative expenses to carry out the credit program may be derived from amounts available for administrative expenses to carry out the credit and insurance programs in the Overseas Private Investment Corporation Noncredit Account and merged with said account.

Transfer Authorities (General Provisions)

Whenever the President determines that it is in furtherance of the purposes of the Foreign Assistance Act of 1961, up to a total of \$20,000,000 of the funds appropriated under title III of this Act may be transferred to the Overseas Private Investment Corporation Noncredit account for the purposes of Section 234(g)(5) of the Foreign Assistance Act of 1961: Provided, That such funds shall not be available for administrative expenses of the Overseas Private Investment Corporation: Provided further, That the exercise of such authority shall be subject to the regular notification procedures of the Committees on Appropriations.

Export Financing Transfer Authorities

Not to exceed 5 percent of any appropriation other than for administrative expenses made available for fiscal year 2015, for programs under title VI of this Act may be transferred between such appropriations for use for any of the purposes, programs, and activities for which the funds in such receiving account may be used, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 25 percent by any such transfer: Provided, That the exercise of such authority shall be subject to the regular notification procedures of the Committees on Appropriations.

Appendix B: OPIC Collaboration with Other Federal Agencies

Angel Capital, Early-Stage Capital, and Crowding-in

USAID's broad spectrum of financial services to the private sector help pave the way for later stage OPIC support. From USAID's grant assistance for local consultants, cooperatives, and business associations, to early-stage funding of entrepreneurial incubation (PACE), USAID projects are akin to angel capital that crowd-in and leverage further finance. OPIC's tools build on and amplify USAID investments. Given the complementary capabilities of OPIC and USAID's Development Credit Authority (DCA), our staff meet every quarter to share information about pipeline projects and decide how to refer projects to one another or allocate or share investment risks.

In Lebanon, for example, USAID provided a \$1.2 million grant and technical advice for a microfinance on-lender, *Global Communities* (formerly *CHF International*). Thanks to that USAID support, OPIC was able to follow with a \$23 million investment guarantee for loans to small business, especially women owned.

dVentus, an Ethiopian-American firm, is developing and manufacturing two million smart meters that will significantly improve the efficiency of energy use across the Ethiopian grid. *dVentus* also has plans to develop two other lines of business in the region: wind turbines and propulsion systems for clean energy vehicles. *dVentus* got off the ground with early-stage funding from private American angel investors, a working capital loan from USAID, and \$565,000 from OPIC's US-Africa Clean Energy Facility (ACEF).

Access to Finance for Small and Medium Enterprises

OPIC and USAID work collaboratively to support the *Afghan Growth Finance Company* (AGF). AGF was initially created by a \$25 million direct loan in 2007 from OPIC via the *Small Enterprise Assistance Funds* (SEAF). In 2010, USAID provided \$10 million in grant assistance coupled with a follow-on loan of \$30 million from OPIC. It is estimated that over 60 full-time non-seasonal jobs are created or maintained for every \$1 million that AGF lends to local SMEs. With the \$10 million USAID grant, and \$55 million of OPIC support, AGF can generate close to 3,400 jobs in Afghanistan. By the end of 2013, AGF had disbursed over \$49 million to small businesses in agribusiness, manufacturing, transport, storage, services and technology.

Further strong SME partnership between OPIC and USAID is the *Middle East Investment Initiative* (MEII) Loan Guaranty Facility (LGF) which provide funds to businesses through participating Palestinian banks. USAID first helped launch MEII with \$5 million in technical assistance to train loan officers and improve financial literacy among potential borrowers. Once established, OPIC was able to join MEII by committing up to \$241 million in financing. By the end of 2013, the MEII LGF had approved more than 600 loans totaling \$105.2 million to SMEs in the trading, manufacturing, and services

sector. These SMEs have directly supported over 2,100 local jobs. About 225 loans, or \$43 million, had already been repaid, and the default rate stood at a very low 2.1%.

OPIC and USAID Help to Restore Post-Conflict Nations

USAID invests more than \$1 billion annually in helping post-conflict and crisis-affected nations restore the cornerstones of their economies through the design and construction of energy infrastructure, water systems, roads, telecommunications, as well as schools and health facilities. OPIC seeks to encourage private investors to develop the next phase of ventures that will amplify these efforts, creating jobs and helping rebuild economies.

In Iraq, for example, USAID has invested more than \$3 billion in reconstruction and development over the past five years. One such initiative involved an analysis of competitiveness that helped inform the decision by the Iraqi government to embark upon a massive dredging initiative. This led to OPIC providing insurance to Maryland-based *Ellicott Dredges*, a company that improved the navigability of waterways, increased the efficiency of Iraq's hydropower, and revitalized farming.

Housing and Basic Services in High-Impact Sectors

USAID and OPIC often collaborate in public-private partnerships that bring together technical assistance and capital for impact in capital-starved sectors that provide basic services such as healthcare and education. OPIC has provided a \$5.4 million direct loan to a USAID project, the *Medical Credit Fund*, which is partnering with local banks in Sub-Saharan Africa to provide loans to SME healthcare providers serving low-income populations.

The *Haiti Reconstruction Facility*, managed by Development Innovations Group (DIG), a U.S. company, is providing financing for the construction and repair of storm-ravaged homes and businesses in Haiti. USAID is leading the effort to develop mortgage underwriting standards and educate borrowers and builders on "Build Back Better" standards of construction and also provide \$6 million in grant support while OPIC has followed with a direct loan of \$17 million to the housing reconstruction facility.

OPIC Collaboration with the Department of State and USTDA

More than 600 million Africans – nearly twice the population of the United States – live without access to electricity. Access to reliable electricity continues to limit growth in food security, education, healthcare, manufacturing, agricultural production and overall business activity. With only one quarter of African households having access to electricity, the U.S. government has placed a priority on facilitating access to energy throughout Africa.

The U.S.-Africa Clean Energy Finance initiative is designed to help reduce the African electricity shortage. ACEF is an innovative financing program developed by OPIC, the U.S. Department of State, the U.S. Trade and Development Agency (USTDA) and the USAID. Financial commitments made by OPIC and USTDA aim to catalyze much-needed private sector investment in clean energy projects in Africa by providing support for early stage project development costs. ACEF fills a market gap by providing project preparation assistance to renewable energy projects, which require some initial start-up support in order to develop into bankable opportunities.

ACEF aligns U.S. Government resources and leverages the expertise of several U.S. Government agencies to catalyze much-needed private sector investment in clean energy projects in Africa. ACEF seeks to address the acute energy needs in Africa while piloting a new method of U.S. Government interagency collaboration that has the potential to be replicated in other regions and sectors.

During ACEF's first round of approvals, OPIC supported nearly 20 renewable energy projects across 9 African countries, supporting power generation from solar, hydropower, biomass, and wind, as well as innovative technologies like smart meters and home solar kits. These projects will be both grid-connected and off-grid, helping to address the critical challenge of lack of power access in urban centers and rural villages. During the U.S.-Africa Business Forum at the Africa Leaders Summit, Secretary Kerry announced an additional \$10 million commitment to this initiative.

Appendix C: OPIC Activity in Selected Countries and Regions

Middle East and North Africa (MENA)

Since 1974, OPIC has committed more than \$9 billion in support of nearly 500 projects in the MENA region. OPIC supports efforts to create sustainable jobs by targeting two main sectors: financial services and infrastructure. OPIC's portfolio in MENA currently totals nearly **\$3.3 billion across 62 projects** including:

Financial Services

- **Private Equity Funds** – OPIC has committed to providing debt financing to a number of private equity funds operating in the MENA region, including \$53 million for Maghreb Private Equity Fund III and \$30 million for Siraj Private Equity Fund I.
- **SME Credit** – Up to \$250 million each for Egypt and Jordan to create loan guarantee facilities for these two countries that will target SMEs. By targeting small businesses, these loans will help create jobs and economic growth in two key countries affected by recent economic and political events. This project involves a U.S. sponsor, Global Communities, and critical grant funding from USAID.
- **SME Credit** – \$10 million in financing for a SME loan guaranty program run by Koret Israel Economic Development Funds (KIEDF), an Israeli nonprofit organization. The project is expected to increase access in Israel to credit for SMEs, stimulate entrepreneurship, increase competition in the market, and provide knowledge transfer impacts by providing technical assistance to small business owners in developing business plans. The project will enable Bank Leumi, a major Israeli bank, to increase its lending to Jewish and Israeli-Arab borrowers identified by KIEDF, largely in the impoverished regions of Gilboa, Galilee and Negev.

Infrastructure

- **Energy: Tri-fuel** – \$270 million in financing and \$49 million in insurance to AES Corporation to support the development, construction, and operation of a 240 MW tri-fueled electric power plant designed to meet peak demands for power in Jordan. The project will be adjacent to the existing Amman East project which received \$70 million in OPIC financing in 2007 and which was named as one of the world's top five gas-fired plants by Power Magazine in 2013.¹⁸
- **Water** – \$200 million in financing to GE Ionics to support the construction of the Hamma Water facility in Algeria, the country's first privately-owned water desalination plant. The facility delivers up to 200,000 cubic meters of potable water to Algiers each day, and provides potable water to 25 percent of the city of Algiers mitigating severe water shortages.
- **Agriculture** – \$33 million in political risk insurance to Lindsay International Sales & Service, a Nebraska-based company supplying the Iraqi State Company for

Agricultural Supplies with modern irrigation equipment which will help local farmers produce more ample harvests. With OPIC's backing, Lindsay will ship, transport and install 650 pivot irrigation systems across Iraq, making a giant step toward revitalizing the farm industry in arid, drought-prone Iraq. This project will not only help make Iraq more self-reliant in its food supply but, by supporting productive farms, create jobs in a sector that has long been a leading employer in Iraq.

- **Oil & Gas** – \$340 million in insurance for the Apache Corporation, the largest U.S. investor in Egypt, to support the development of oil and gas concessions. Apache has maintained OPIC insurance for a decade, while the value of its investment has grown to \$6 billion. This insurance coverage is crucial to Apache, the largest producer of liquid hydrocarbons and natural gas in the Western Desert and the third largest in all of Egypt. The company's continued investment generates local employment opportunities and substantial tax revenues for the Egyptian government. Additionally, Apache sponsors the nonprofit organization Springboard - Educating the Future, which seeks to build 200 schools for Egyptian girls in rural communities. OPIC's Board of Directors recently approved an additional \$40 million in PRI coverage to support Apache's continuing investment in Egypt.

OPIC is currently completing due diligence on a number of high-priority projects, including:

- **Infrastructure (Education)** – \$50 million in financing for the construction and expansion of a medical center and student housing in Lebanon.
- **Infrastructure (Tourism)** – \$28 million in financing for the construction, development, and operation of a 220-room "green" hotel in Sousse, Tunisia.
- **Infrastructure (Education)** – \$39 million in financing for the construction of a permanent campus for a university in Morocco, which would allow for a significant expansion of student enrollment.
- **Infrastructure (Commercial)** – \$1 million in financing for the construction of a commercial building in the Palestinian Territories to support the operations of a U.S. non-profit working there.
- **Energy Infrastructure (Solar)** – \$60 million in financing to an independent power producer for a power plant that will generate up to 100 MW of solar energy in Jordan.

Iraq

Since 2004, OPIC has committed \$608 million in 31 projects in Iraq.

OPIC's portfolio in Iraq currently totals \$199 million across 6 projects, including:

- **SME Credit** – In 2005, OPIC leveraged grant resources and the U.S. private sector to create the Iraq Middle Market Development Foundation (IMMDF), which has made loans to businesses, especially SME's, including in the agricultural sector. OPIC continues to provide financing to support growing enterprises that show promise in the recovering Iraq economy.
- **Microfinance** – OPIC is financing \$65 million for the expansion of microfinance services in Iraq. This debt facility will enable the expansion of the largest microfinance service provider in the country, which serves almost 23,500 clients. Most of the clients are micro-entrepreneurs working in the trade and service sectors, including grocery stores, mobile phone shops, clothing and accessories, as well as electricians and mechanics.
- **Humanitarian Assistance** – OPIC is providing \$212,000 in insurance to an international organization to support its activities and services in Iraq.
- **Infrastructure (Housing)** – OPIC is financing \$26.8 million for the construction of about 450 middle-income homes in Maysan province and financing for the construction and lease purchase financing for over 1,500 affordable housing units in Kurdistan. Iraq has a housing deficit that dates back several decades, with an estimated need of more than one million units.

Pakistan

Since 1974, OPIC has committed more than \$1.7 billion for 129 projects in Pakistan. OPIC investment in Pakistan supports the Administration's economic development priorities in the region by focusing on:

- Access to capital for SMEs
- Infrastructure development (housing, energy, telecommunications)
- Humanitarian assistance and disaster response

OPIC's portfolio in Pakistan currently totals **\$622 million across 15 projects**, including:

- Health care – \$30 million loan to the Aga Khan Hospital and Medical College Foundation to renovate and expand the facility with a new ambulatory care building; a neonatal, medical and pediatric intensive care unit; a center for innovation in medical education; a child care center; a new private wing that will subsidize healthcare to poorer patients; and the introduction of advanced equipment throughout. This project will significantly improve the availability and quality of healthcare, and help address the critical shortage of hospital beds in Pakistan by increasing the total number of available beds at AKU Hospital by nearly 40 percent, increasing critical care beds by 65 percent. The expansion will also increase the number of in-patients admitted by 42 percent and the number of outpatients cared for by 19 percent annually, while also creating nearly 1,000 jobs.

- [SME Credit](#) – \$7 million to help launch a microfinance institution with branches across the country and a \$21.5 million loan guarantee to help expand its microfinance portfolio that features a special program for those affected by flooding in the summer of 2010 as well as individuals and small businesses in underserved areas of the country.
- [Infrastructure](#) – \$20 million for the construction of a 28-story office building in Karachi. Karachi, with a population of 18 million people, has a critical shortage of commercial real estate, which has deterred business investment. The building will have several sustainability features, including a natural-gas fired cogeneration power plant, an exhaust heat recovery system, condensation collection systems for water usage, and efficient lighting fixtures. It will also feature world-class IT and security systems. The building is now completed and has leasing commitments signed for 46 percent of the office space, and expects tenants to begin moving into the space in early 2014.
- [Renewable Energy \(Biomass\)](#) – \$16.7 million for a 12 MW biomass-fueled power plant that will utilize bagasse, a byproduct from sugarcane and rice husks and other plant wastes for fuel. The project will help Pakistan to address its electricity deficit with a carbon-neutral source of renewable energy.

OPIC is currently completing due diligence on several priority projects in Pakistan, including:

- [Renewable Energy \(Biomass\)](#) – Insurance to support the construction and operations of a biomass-fueled power plant.
- [Micro-Financing \(Housing\)](#) – Financing to support the expansion of a local micro-finance bank’s mortgage lending portfolio in connection to a new affordable housing development.

Haiti

Since 1974, OPIC has committed over \$269 million in 83 projects in Haiti.

Historically, OPIC has focused its financial solutions on key sectors including: food security; infrastructure (including housing, water, power, and telecommunications); renewable resources; expanding credit to SMEs. Currently, OPIC’s portfolio in Haiti totals over \$76 million across 7 projects, including:

- [Agriculture and Food Security](#) – \$44 million in insurance for the expansion and reconstruction of Les Moulins d’Haiti, a flour mill that was destroyed in the 2010 earthquake. The mill had produced as much as 95 percent of the flour consumed in Haiti, and restarting the mill has increased the country’s food production capacity and

domestic food security. The mill is especially important since wheat and wheat-derived products have long been staples of the diet in Haiti, particularly among the country's low-income families. Along with increased production capacity and more modern equipment, the facility was rebuilt to handle greater seismic activity. Rebuilding the mill is expected to support at least 100 local jobs.

- **Housing** – \$17 million in long-term loans to Development Innovations Group (DIG), a Maryland-based finance and development firm, in conjunction with a \$6 million grant from USAID, and \$3 million from the Clinton Bush Haiti Fund. This project addresses a critical need for housing finance in Haiti, where more than 360,000 people continue to live in tents and other temporary housing following the 2010 earthquake. The project is creating three new loan products targeting low-income borrowers, including housing microfinance loans that start at \$1,000 and micro-mortgages that start at \$5,000. The project is also providing access to credit to the economically active poor to build, repair, improve, or expand homes, or to help business owners rebuild and re-open their businesses. It is estimated that more than 4,000 Haitians stand to benefit from the Project.

OPIC is currently completing due diligence on several high priority projects in Haiti, including financing for the manufacturing of packaging components for the sale and shipping of local products, a move that will enable the Haitian economy to increase exports.

Sub-Saharan Africa

Since 1974, OPIC has committed over \$9.9 billion in support of 515 projects in Sub - Saharan Africa.

Through sustainable investments in communities and resources, OPIC supports the Administration's commitment to social and economic prosperity in the region. Existing OPIC initiatives and new projects especially focus solutions on four critical areas: financial services; infrastructure development (energy, construction, and housing); agriculture and food security; and renewable resources. OPIC's portfolio in Sub-Saharan Africa currently totals \$3.7 billion across 119 projects.

- **Financial Services** – OPIC is currently financing over \$1.3 billion for projects in financial services, including microfinance and credit for small and medium enterprises (SMEs). For example, OPIC is providing \$12 million in financing for Bangladesh Rural Advancement Committee (BRAC)-owned microfinance institutions (MFIs) in Tanzania. By providing capital to those who would otherwise be unable to obtain credit from mainstream banks, these MFIs are an engine for income generation in Tanzania.
- **Infrastructure** – OPIC is currently financing over \$721 million for infrastructure projects in energy, construction, and housing. Sample projects include:

- **Energy (Tri-fuel)** – \$179 million in loans and political risk insurance to build a 100 MW “tri-fuel” power plant in the Republic of Togo, tripling Togo’s energy generation capacity and virtually ending the nation’s rolling blackouts. The project was also recognized as one of the Top 40 public-private partnerships of recent years by the International Finance Corporation and Infrastructure Journal.
- **Energy** – \$37.8 million in political risk insurance to support the construction of three combined heat and power (CHP) plants in Nigeria for the Nigeria Bottling Company (NBC), an affiliate of a Coca-Cola brand distribution company. CHPs have energy efficiency as high as 90%, which is significantly better than the 35-40% efficiency of conventional gas-fired simple cycle power plants. One of the plants will also incorporate a carbon capture technology to trap and purify approximately 95% of the CO₂ from the CHP’s flue gas. This CO₂ can then be repurposed and used by NBC in their beverages or sold to companies who need food grade CO₂. These innovative projects will promote energy efficiency, while lowering carbon emissions and also supporting local economic development.
- **Renewable Energy** – OPIC is currently financing over \$576 million for renewable projects. Sample projects include:
 - **Geothermal** – Up to \$310 million for a project that will double the generating capacity of a geothermal plant in Kenya, adding 52 MW to the existing 48 MW of capacity. The expansion will incorporate environmentally-friendly American technology, and create over 50 new local jobs. It is also expected to support approximately 107 U.S. jobs through procurement of U.S. goods.
 - **Solar** – OPIC has committed up to \$250 million in financing for the agency’s first solar power project in South Africa, a 60-megawatt plant that will help diversify the country’s electricity generation beyond its heavy coal concentration and in the process avoid emissions of approximately 140,000 tons CO₂ in its first year alone. The OPIC financing will enable two U.S. companies to construct and operate a solar photovoltaic plant in Boshoff, in South Africa’s Free State province. All electricity generated by the plant will be sold to the national grid through a power-purchase agreement.
- **Agriculture and Food Security** – OPIC is currently financing over \$21 million for agriculture and food security projects. Sample projects include:
 - **Agriculture (Investment Funds)** – OPIC executed a \$50 million Finance Agreement to support the African Agriculture Fund; a \$243 million fund focused on the primary (arable and plantations), secondary (processing and animal feeds), and tertiary (storage, fertilizers, packaging) agricultural sectors in Africa. The fund will seek to invest in commercial farming operations with expansion

potential, and to bring modern management skills to those operations in order to improve performance.

- **Agriculture and Food Security (Processing):** OPIC issued \$7 million in insurance to support the expansion of tea processing facilities at the Sorwathe factory in Rwanda. Tea Importers, the U.S. company that owns Sorwathe, currently purchased tea leaves from about 5,000 small landholders, making the factory a critical source of employment and income in Rwanda.

Appendix D: GPRA Annual Performance Plan/Report

GPRA Strategic Goal	Strategic Objective	Performance Plan Outputs and Outcomes	FY 2014		FY 2015	FY 2016
			Target	Actual	Target	Target
Grow Portfolio Impact	Aim for high development impact	Projects with development scores evidencing ¹	50	53	50	50
	Increase commitments	Millions of dollars in finance and insurance project commitments	\$3,000	\$2,963	\$3,200	\$3,600
Increase Environmental Benefit	Maintain focus on renewable resources and energy efficiency	Millions of dollars in finance and insurance commitments in projects that are dedicated to renewable resources and energy efficiency	\$1,000 or 1/3 total commitments	\$1,227	\$1,000 or 1/3 total commitments	\$1,000 or 1/3 total commitments
	Minimize GHG emissions across portfolio	Millions of tons of CO ₂ emitted by projects in the OPIC portfolio ²	36	7	36	36

¹ Projects that receive a score in the range of 25-59 are considered highly developmental.

² Targets are based on an anticipated reduction in CO₂ emissions, from 2008 baseline levels by 2018.

¹ World Investment Report, 2013. "Global Value Chains: Investment and Trade for Development," United Nations Conference on Trade and Development, New York and Geneva.

http://unctad.org/en/PublicationsLibrary/wir2013_en.pdf

² <http://www.oecd.org/newsroom/aid-to-developing-countries-rebounds-in-2013-to-reach-an-all-time-high.htm>

³ Justino, Patricia, "Poverty and Violent Conflict: A Micro Level Perspective on the Causes and Duration of War" *MICROCON Research Working Paper 6*, January 2009. This paper includes a useful summary of literature over the past 15 years.

⁴ Cox, Gary, Douglass North, and Barry Weingast, "The Violence Trap: A Political-Economic Approach to the Problems of Development," September 2013.

⁵ Chandy, Laurence, Natasha Ledlie and Veronika Penchiakova, *The Final Countdown: Prospects for Ending Extreme Poverty by 2030*. Brookings Institution: Policy Paper 2013-04, 2013; Homi Kharas and Andrew Rogerson, *Horizon 2025: Creative Destruction in the Aid Industry*. Overseas Development Institute, 2012.

⁶ Udall, Henrik, "A Clash of Generations? Youth Bulges and Political Violence," *International Studies Quarterly*, 2006.

⁷ "2014 World Population Data Sheet," Population Reference Bureau. http://www.prb.org/pdf14/2014-world-population-data-sheet_eng.pdf

⁸ <http://www.imf.org/external/Pubs/ft/weo/2014/01/pdf/text.pdf>

⁹ Global Trends 2030: Alternative Worlds, The U.S. National Intelligence Council, page i.v.

http://www.dni.gov/files/documents/GlobalTrends_2030.pdf

¹⁰ Lazard's Levelized Cost of Energy Analysis—Version 8.0," Lazard. p. 9. Source:

[http://www.lazard.com/PDF/Levelized Cost of Energy - Version 8.0.pdf](http://www.lazard.com/PDF/Levelized_Cost_of_Energy_-_Version_8.0.pdf)

¹¹ 22 USC 2194(g)(5)

¹² Homi Kharas et al., "Strengthening U.S. Government Development Finance Institutions," Brookings Institution, <http://www.brookings.edu/blogs/up-front/posts/2013/12/16-strengthening-development-finance-kharas-ingram>; Global Development Council, "Beyond Business as Usual"; US National Advisory Board on Impact Investing, "Private Capital, Public Good," (2014).

¹³ <http://www.whitehouse.gov/the-press-office/2012/11/20/fact-sheet-us-asia-pacific-comprehensive-partnership-sustainable-energy>

¹⁴ <http://www.whitehouse.gov/the-press-office/2013/06/30/fact-sheet-power-africa>

¹⁵ <http://www.state.gov/secretary/rm/2012/06/193912.htm>

¹⁶ While the majority of OPIC's renewable commitments have been to energy projects, OPIC engages in a broad range of renewable projects, including those in the agricultural, water, and forestry industries.

¹⁷ <http://www.whitehouse.gov/the-press-office/2010/09/22/fact-sheet-us-global-development-policy>

¹⁸ <http://www.powermag.com/amman-east-power-plant-al-manakher-jordan/>