

# OPIC



**1971 TO 2019**

**THE HISTORY OF OPIC**





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48 years of

**Investing in Emerging Economies**

**Developing Stable Societies**

**Transforming Lives**

and looking forward to the new

U.S. International Development Finance Corporation



## 1970s

Men and women everywhere can be grateful that OPIC is providing important services toward the social and economic progress of the developing nations.

— President Richard Nixon

A vital element of our foreign policy is our relationship with the developing countries in Africa, Asia and Latin America.

— President Gerald Ford

One of the greatest challenges before us as a nation, and therefore one of our greatest opportunities, is to participate in molding a global economic system which will bring greater prosperity to all the people of all countries.

— President Jimmy Carter

## 1980s

The greatest contribution this nation can make to developing countries is through increased investment in their developing markets. OPIC fulfills an important responsibility by encouraging greater involvement of American business in developing countries, in the process helping our own economy to expand as well.

— President Ronald Reagan



## 1990s

OPIC is a government corporation run as a sound business... At OPIC, we call this investing in freedom.

— OPIC President and CEO Fred Zeder

As OPIC expands into new markets and countries, it is at the crest of a new wave of American assistance, bringing growth, business know-how and prosperity to the developing world.

— President George H. W. Bush

OPIC has harnessed the resources of American businesses to build hope and opportunity through investment and commerce in countries around the world.

— President Bill Clinton

World events of the past quarter century have revealed that OPIC was ahead of its time. Now there is a widespread consensus that the private sector is the best engine for fueling economic growth.

— OPIC President Ruth Harkin

# 2000s

Development assistance should light a path to reform and economic growth rather than perpetuate the need for further aid.

— President George W. Bush

In every region of the world, we see new examples of the catalytic role that investment and economic development plays in improving the quality of life for people, encouraging the growth of democratic institutions and the rule of law, and in fostering political stability.

— OPIC President Robert Mosbacher

# 2010s

The next chapter of development cannot just be about what governments spend, it has to harness the unprecedented resources of our interconnected world.

— President Barack Obama

With each passing year, OPIC becomes more responsive, more effective, and more necessary to America's role and leadership abroad.

— OPIC President and CEO Elizabeth L. Littlefield

We are committed to reforming our development finance institutions so that they better incentivize private sector investment in emerging economies.

— President Donald J. Trump

The United States is entering a new era in development finance.

—OPIC President and CEO Ray W. Washburne

# 2019

For almost 50 years, OPIC has been committed to advancing American values around the world. As Thomas Jefferson said, 'I like the dreams of the future better than the history of the past.'

We cannot imagine the infinite opportunities of the next 50 years. While the world changes, our mission will remain helping people to improve their lives, exercise their liberties, and enjoy an ever expanding array of pursuits of happiness.

I am confident DFC will advance global peace and prosperity for generations.

— Acting OPIC President and CEO David Bohigian

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I am a strong believer in the importance of private investment to the development process. It is the most effective way of transferring the financial resources, technology and management skills which play so vital a role in stimulating development in poorer nations.

– President Richard Nixon, 1972



# Beginnings: A Modern Day Marshall Plan

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When the United States committed to rebuilding Europe after World War II, it recognized that private investment would be essential to address this massive need. The Marshall Plan authorized the U.S. Government to insure private U.S. investors against the risk that their earnings generated overseas in foreign currencies might not be convertible into U.S. dollars.



*Left and above: Empowering local communities — An early OPIC project introduced a Community Credit Guaranty Program to support small businesses and community projects. The program enabled the small town of San Matias in Guatemala to obtain a loan to build a downhill gravity flow system to access clean drinking water. The loan was repaid through a monthly subscription by 154 families in San Matias.*

This powerful new tool was political risk insurance and it became the first financial tool the U.S. offered to support investors in emerging markets.

Congress created OPIC in 1969 through an amendment to the Foreign Assistance Act and two years later, in 1971, the agency began operations with a portfolio of \$8.4 billion in political risk insurance and \$169 million in loan guaranties.

During the first year in operation, OPIC provided political risk insurance to projects in 39 countries, including a petrochemical plant in South Korea, a food processing facility in the Dominican Republic, and a flavor and fragrance manufacturer in Indonesia.

Although insurance was OPIC's core product for years, the agency also began providing investment guaranties to projects such as a fertilizer manufacturer in Brazil, a copper mine in Indonesia, and other projects to improve the quality of life for people in developing countries.

# A New Strategy for Addressing Major World Challenges

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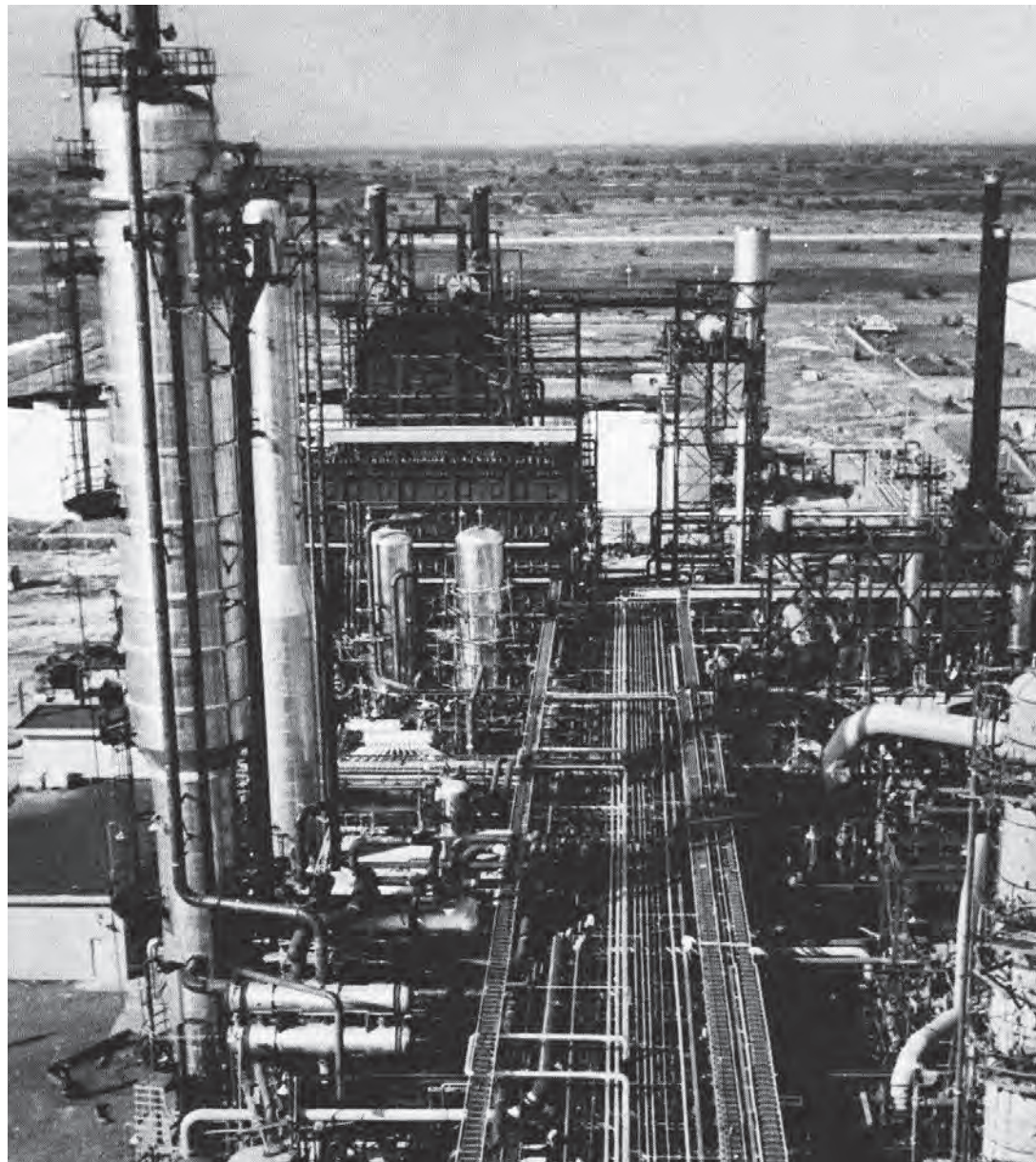
At a time when money flowing into developing economies was mostly in the form of aid, OPIC's model of mobilizing private investment channeled more resources toward some of the world's most urgent challenges.

Many early OPIC projects were in the agriculture sector and focused on not only producing more food, but on building value chains to help food produced reach more people and larger markets.

OPIC support helped a shrimp operation in Cameroon establish a system of freezing and packaging for export as far away as Japan. Other projects brought more refrigeration to Ghana, improved the quality of beef produced in Kenya, and helped expand dairy production in Thailand.

Meanwhile, support for the construction of fertilizer plants in India and Latin America helped increase food production for a global population.

*Right: An OPIC-supported fertilizer plant in India.*







*Above: An OPIC-supported dairy processing facility in Thailand made milk, cheese and ice cream more widely available.*



*Above: An OPIC-supported flour mill in Nigeria.*

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The developing countries must look increasingly to private investment for the capital resources they need for growth.

– Secretary of State Henry Kissinger

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Were it not for the availability of OPIC programs, we would not be involved in five developing nations.

– Early OPIC client investing in Africa and Latin America



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# Advancing American Competitiveness

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With more than two-thirds of the world's population living in developing countries, these markets held growing interest to American businesses. Demand for OPIC services was strong from the beginning and helped businesses operate in places that would have otherwise been inaccessible.

In the late 1970s, OPIC began domestic outreach to educate small American businesses about the opportunities in emerging markets. This focus would remain a priority throughout the agency's history and would result in small businesses eventually accounting for more than half of all the projects OPIC supported.

In response to strong demand, OPIC gradually increased the amount of financing and political risk insurance it offered. In addition to helping American businesses gain entry into many rapidly-growing emerging markets, OPIC projects also supported the U.S. economy. In 1999, a single OPIC-supported power plant in Indonesia led to the procurement of \$1 billion in U.S. goods and services and supported 3,000 U.S. jobs.



*The major U.S. businesses OPIC supported included a Colgate-Palmolive manufacturing plant in Egypt, a Ford Motor Co. plant in India, a Mack Truck distributorship in Honduras, and a flour mill in Liberia.*

# A Commitment to Fiscal Responsibility

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OPIC was established as a self-sustaining agency that would operate at no cost to American taxpayers. Skeptics challenged the idea that the U.S. could generate returns by investing in some of the world's poorest countries, but during OPIC's first year in operation, the agency reported a net income of more than \$25 million.

Years later, in 1983, OPIC strengthened its commitment to fiscal responsibility when it presented President Ronald Reagan with a \$56 million check, fulfilling its promise to pay back the funds that Congress had allocated to start the agency in 1971.

Because OPIC maintained a small staff and an efficient operation, its profit per employee exceeded \$1 million by 1990. The money generated contributed to U.S. deficit reduction.

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Total amount generated for deficit reduction since 1971:

**\$8.7 billion**

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You've proved it is possible to introduce efficiencies and put government on a business-like basis...you've set a trend that all should follow.

– President Ronald Reagan



*Record net income in 1982 enabled OPIC to return \$56 million to the U.S. Treasury.*





# Transforming Lives

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By focusing on solutions to some of the world's most urgent challenges, OPIC helped transform lives around the world.

## **Support for Small Farmers**

By helping the world's smallest farmers access equipment and training, OPIC enabled them to increase their yields.

## **Critical Infrastructure**

OPIC supported construction of roads, hospitals, power plants, ports, airports, and other critical infrastructure projects.

## **Financial Services**

By partnering with banks and microfinance institutions, OPIC helped more people access financial services to start and grow businesses and create local jobs.

## **Access to Housing**

OPIC support helped hundreds of thousands of low-income families around the world access financing to build or expand a house or obtain an affordable mortgage.

## **Electricity to Homes and Small Businesses**

A variety of off-grid and utility-scale electricity projects helped to power farms, schools, businesses and homes.

## **Quality Healthcare**

Multiple healthcare projects supported construction of major new hospitals and enabled small rural clinics to reach more patients.



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Projects supported over OPIC's history led to the creation of a projected **one million host country jobs.**

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## **Modern Technology**

OPIC supported the introduction of modern IT and telecommunications technology in remote and underserved areas.

# A Pillar of U.S. Foreign Policy

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American foreign policy and national security were at the core of OPIC's development mission throughout its 48 year history.

OPIC responded quickly to world events and worked to support investments as a stabilizing force.

In the 1970s, when the Organization of Petroleum Exporting Countries hiked oil prices, OPIC supported oil and gas production in less developed fields in Egypt, Ghana and other countries.

In the 1980s, OPIC responded quickly to the fall of communism in Eastern Europe, dispatching staff to Poland and Hungary. This work continued into the next decade as OPIC helped American businesses compete for opportunities in multiple former Soviet Republics and Eastern Bloc nations

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By standing behind the U.S. private sector, OPIC has both encouraged long-term stability in developing markets and makes significant contributions to America's economic growth.

– President Bill Clinton

that were working to repair and upgrade long-neglected infrastructure.

In 1991, OPIC committed to supporting development in South Africa after the repeal of Apartheid laws.

In 1995, as part of its support for the Middle East peace process, OPIC led an investment mission to the West Bank, leading to several projects that supported small business lending and access to housing.

OPIC also supported multiple investments to help rebuild infrastructure in Iraq and Afghanistan.



*Support for investment in the West Bank helped create jobs and enable small businesses like this date producer to expand operations and reach international markets.*



*Below: OPIC President Bruce Llewellyn meeting with President Jimmy Carter. OPIC consistently worked to support U.S. foreign policy priorities and advance national security. In response to the 1970s oil crisis, the agency supported development of new oil and gas projects in Ghana and other countries.*



*Above: Before and After — OPIC was one of the first development organizations in Georgia after that country gained independence. OPIC has supported more than 50 projects in the former Soviet Republic that have modernized industry and rebuilt war-torn buildings, such as this hotel in downtown Tbilisi, helping Georgia transform into one of the most investment-friendly economies in the world.*

# Successes and New Challenges

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A key sign of OPIC's success mobilizing private capital in developing markets was that several of these markets experienced growth to the point that OPIC support was no longer needed.

South Korea initially represented the largest country share of OPIC's portfolio, but due to the economic expansion that resulted from increased investment, foreign businesses were eventually able to enter the market without OPIC support.

Demand for OPIC political risk insurance also waned in many markets as the agency's presence paved the way for private insurers to enter these markets.

In response to this shifting economic landscape, OPIC worked to mobilize investment in less developed places, including Sub-Saharan Africa, which accounted for more than one-quarter of the agency's portfolio by 2019. That year, OPIC committed its first ever financing to a project in Chad, one of the least developed countries on the continent.

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The problems we had to solve together were problems like ‘how do you build a power plant in a place that doesn't have any roads leading to the power plant site?’ This project was brash and the odds were long...and without the support of OPIC it never would have been a success.

– OPIC Partner in Togo





*Left: This grain storage facility was one of many projects OPIC supported in South Korea, helping to foster an investor-friendly business environment.*

*Below: OPIC's work in Africa encompassed some of the least developed countries on the continent including Togo, where an OPIC-supported power plant tripled that country's energy generating capacity.*





*Above: Early Mobile Banking — Decades before mobile banking became a widely recognized service, OPIC support helped a bank in Malawi partner with a U.S. bank to reach the most rural parts of the country through a fleet of nine mobile banking units.*



# Innovation

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OPIC was launched as an innovative, investment-based model of global development and a culture of innovation defined OPIC from the outset. OPIC sought out business partners with fresh approaches to addressing the needs of people in emerging markets.

In the 1970s, decades before mobile banking was adopted in the developed world, OPIC helped a major U.S. bank partner with a commercial bank in Malawi to dispatch a fleet of mobile banking vehicles to reach people in the most rural parts of the country who had no access to physical banks.

In more recent years, OPIC committed to supporting small businesses and entrepreneurs who developed new solutions to persistent challenges. These partners developed power plants that generated electricity from discarded rice husks in India, modern toilets that converted waste into animal feed in Kenya, and a major reverse osmosis desalination plant in Algeria.

Guided by an understanding that entrepreneurs are often highly engaged in their communities, OPIC developed multiple programs to help entrepreneurs in developing countries access financing to start or expand businesses so that they could bring jobs and innovation to their communities.

The agency's innovative culture also inspired OPIC to expand its own products and services. In 1987, OPIC launched its investment funds department with a \$20 million loan guaranty for a regional growth fund designed to develop private sector projects in South Africa. The Investment Funds Department grew to eventually become one of the leading providers of emerging market private equity in the world.



*Above: Some of the creative solutions developed by OPIC's innovative partners included power plants that generated electricity from discarded rice husks in India.*

# Investing with Impact

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OPIC's strong focus on investing with impact led to the support of projects that delivered significant social and environmental returns.

This led to a series of impactful projects long before "Impact Investing" was recognized as a legitimate investment tool that could generate social and environmental as well as financial returns.



*OPIC supported a non-profit to drill dozens of wells in Ghana and Kenya providing families with a reliable source of clean water near their homes.*

In 2002, OPIC committed to carefully evaluate the developmental impact of every proposed investment, and established a world class measurement tool and scoring matrix.



*Above: OPIC's success in generating strong financial returns from impact investments led it to pursue more innovative deal structures, including the Development Impact Loan, a pay-for-performance structure in which interest repaid was linked to the impact achieved. By providing this type of financing to a hospital specializing in cataract surgery in Cameroon, OPIC was able to help thousands of people access sight-saving surgery.*



*Right: OPIC-supported housing project in South Africa*



### A Far-reaching Impact

OPIC investments supported

- Thousands of affordable housing loans
- Millions of patient visits
- Tens of millions of mobile phone subscriptions
- More than 5 million loans to microfinance and small business borrowers
- Hundreds of thousands of host country jobs



*OPIC closely monitored projects to ensure they were environmentally and socially sustainable; and respected human rights, local communities and the environment.*





# Bringing High Standards to the World

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**OPIC's longstanding commitment to investing with the highest standards ensured that the projects it supported were built to last and built with respect for local communities, workers, and the environment.**

This focus on high standards also helped introduce American best business practices to the world.

As the agency grew, it devoted greater attention to developmental screening, while suspending projects in countries that failed to show progress in human rights.

In 1985, Congress amended OPIC's statute to require environmental assessments of OPIC projects, and directed OPIC to decline support for projects posing unreasonable or major environmental, health or safety hazards.

In the ensuing years, OPIC developed a detailed environmental and social policy. The agency also committed to carefully evaluating all potential projects and monitoring active projects to ensure they were having a positive impact.

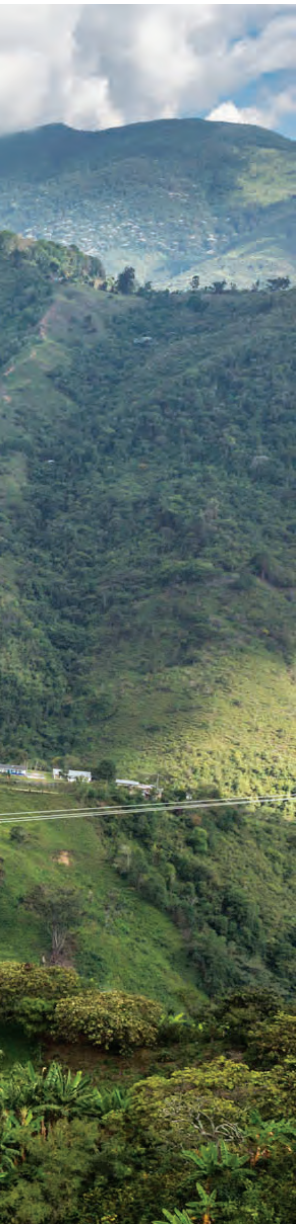
OPIC's 1998 Environmental and Social Policy Statement provided a detailed outline of standards to be applied to every project.

In 2006, OPIC announced the anti-corruption and transparency initiative, to build on efforts to combat corruption in host countries, create a level playing field for lawful business activities and improve information sharing and transparency of OPIC's own operations. By encouraging countries to adopt reforms, this focus helped open new markets for developing countries.

This consistent attention to high standards helped encourage reform in emerging markets, making them more welcoming business environments, and distinguishing the U.S. approach to development.



*OPIC worked to ensure that the projects it supported respected worker rights.*



# Supporting American Small Businesses in the Global Economy

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OPIC was created at a time when the largest American businesses accounted for the vast majority of U.S. foreign direct investment. OPIC maintained a longstanding commitment to domestic outreach to educate small businesses about the opportunities of investing in emerging markets.

The share of OPIC's projects involving American small business grew steadily, accounting for over half of all projects supported in OPIC's later years.



*OPIC projects led to the procurement of American-made goods and services.*



*Above: Many of OPIC's most impactful projects were initiated by American small businesses. A California startup used an OPIC loan to establish an açai berry processing facility in Brazil that — in the words of the company founder — helped “make the rainforest too valuable to cut down.”*

*Right: An Arkansas business used OPIC political risk insurance to invest in modernizing Rwanda's coffee sector.*

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One of the ways OPIC has helped us is by giving us the confidence to go into these markets and take risks.

— OPIC Partner in Rwanda





*Below: A Massachusetts startup used an OPIC loan to introduce its cloud-based cargo technology to India and the Philippines.*



*Above: A small Oklahoma business used an OPIC loan to extend the life of an aging oil field in Colombia.*

# Empowering Women

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The world's fastest growing emerging market is not a country or a region. Rather, it is the world's women, who invest a larger share of their earnings in their families and communities and are vital to fostering stability and prosperity.

In 2017, OPIC launched the *2X Women's Initiative* to economically empower women in the developing world by supporting projects that were owned by or led by women, or offered a product or service that benefits women.

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When woman earn a competitive income, they invest the vast majority of it into their families and communities.

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The 2X Women's Initiative helped address a multi-billion dollar credit gap that made it particularly difficult for women to obtain loans to start and grow businesses. During its first year, the initiative catalyzed more than \$1 billion in capital to economically empower women.



*Above: Investing with a Gender Lens — When clean water is in short supply in the developing world, the task of collecting it frequently falls on the women in the family, who often have to walk for hours a day, leaving no opportunity to work in the formal economy and earn income. The 2X Initiative supported a project in India that installed hundreds of water purification plants around the country, vastly improving the quality of life for women, and the health prospects for their families.*





# Powering the World

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Insufficient energy has long been one of the biggest barriers to economic growth and improved quality of life in the developing world.

OPIC's ability to support major infrastructure projects requiring large investments of time and money enabled it to advance energy production, oil refining, and power generation from Asia to Eastern Europe and Latin America, supplying fuel to growing populations and increasingly modern economies.

In 2013, OPIC redoubled efforts to expand access to electricity in the most power-scarce place on the planet: Sub-Saharan Africa, where more than half the population lacked regular access to power. As a key partner in the U.S. Power Africa Initiative, OPIC supported development of more than 30 utility-scale and off-grid power projects in multiple countries including Kenya, Ghana, Nigeria, Senegal, and Chad.



*Early OPIC project supported construction of an oil refinery in South Korea.*



*OPIC insurance supported construction of the Trans Panama pipeline in 1982.*



*Left: This OPIC-supported power plant in Senegal is one of more than 30 power projects the agency supported through the U.S. Power Africa initiative.*

*Below: OPIC's support for renewable energy projects helped multiple countries diversify their power supplies.*



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Passage of the BUILD Act shows what we can accomplish when we set politics aside and work together. The BUILD Act creates a 21<sup>st</sup> Century development finance institution that will double the U.S. lending capacity, bringing U.S. private sector investment to low income countries around the world. This investment will allow us to reduce poverty in areas that are critical to our national security, compete with Chinese influence in the developing world, and help U.S. businesses grow and succeed. – Senator Chris Coons





# A New Era for Development Finance

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By 2018, after years of consistent portfolio growth, OPIC was approaching its \$29 billion investment cap. Demand for OPIC financing and insurance remained strong, and as authoritarian governments increased their presence in developing countries, development finance was increasingly recognized as a critical component of American foreign policy.

The BUILD Act (Better Utilization of Investments Leading to Development) passed Congress with bipartisan support and was signed into law by President Donald Trump on October 5, 2018.

The new law set in motion OPIC's transformation to the United States International Development Finance Corporation.

The new DFC combines OPIC with the Development Credit Authority, previously housed in the U.S. Agency for International Development, launching a modern agency with more tools and resources for development.

*Left: President Donald Trump signed the BUILD Act into law on October 5, 2018, paving the way for OPIC to transform into the U.S. International Development Finance Corporation.*

- **A higher investment cap.** The new DFC has a total investment limit of \$60 billion, which is more than double OPIC's \$29 billion threshold.
- **Equity authority.** In addition to debt financing, DFC has the ability to make equity investments.
- **Technical assistance and feasibility studies.** Additional tools enable DFC to be more proactive in identifying and addressing development needs around the world.
- **Strong focus on empowering the world's poorest.** DFC will promote inclusive economic growth in the world's least developed countries.
- **Robust alternative to state directed investments.** DFC will promote an economically viable form of private-sector led investment that avoids debt trap diplomacy.



# OPIC Partners

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BMR Energy • Joshi Technologies • Motorola • Avis Rent-a-Car • Relief International • Kaiser Cement • Gillette • Google • Citi • International Rescue Committee • Oscar Mayer • Reynolds Metals • Dimagi • Qualcomm • Singer Co. • Seminole Tribe of Florida • Johnson & Johnson • Nabisco • Chemtex Fibers • Squibb • Exxon • Black & Decker • Data General • Sambazon • Grameen Foundation • American Can • Zuari Agro Chemicals • U.S. Steel • Ormat • McDonald's • Raytheon • African Leadership Foundation • Owens-Illinois • Dana Corporation • Revlon • WaterHealth • Emerging Capital Partners • Bank of America • Wells Fargo • Iron Pillar Capital Management • One Acre Fund • Dow Chemical • Calvert Foundation • Advanced Micro Devices • Abbott Laboratories • Mine Safety Appliances • Standard Oil • Cargill • National Can • Marriott • B.F. Goodrich • Tesoro Petroleum • Mack Trucks • Schering-Plough • Wachovia • Kiva • Total Impact Capital • General Mills • Helios Investment Partners • Del Monte • Habitat for Humanity • Access Africa Fund • American Wool and Cashmere • Hormel • Halliburton • Gigawatt Global • Cray Research • SunFunder • Merck • DuPont • Sheraton • American Express • Ford Motor Co. • International Paper • General Motors • Omidyar Network • Westrock Coffee • Trans World Airlines • Bechtel • Grassroots Business Fund • AES Corporation • John Hancock • Ramada Inns • Quantum ID • Yaque Agricultural Enterprises • Westinghouse Electric • General Dynamics • Seaboard Corporation • Georgia Pacific • Hershey International • Azul • Occidental Petroleum • Kellogg • Aluminum Company of America • Emerging Europe Fund for Sustainable Development • Alsis • Mission Energy • Monsanto • Universal Foods • Kmart • Nike • Intel • Bethlehem Steel • American Cyanamid • Reservoir Capital • Honeywell • Volt Information Sciences • Smith Barney • Dresser Industries • International Telephone & Telegraph • Noble Energy • Hilton Foundation • Mercy Corps • Pepper Construction • H.J. Heinz • Global Partnerships • Kimberly-Clark • Teachers Insurance and Annuity Association of America • Medical Credit Fund • First Solar • Clark Realty • Caterpillar • Warner Lambert • Global Communities • Westin Hotels • Fluor • Unitus • Chemonics • Kidder • Phatisa • Water Equity • Blue Mountain Renewables • First National Bank of Boston • Colgate-Palmolive • World's Finest Chocolate • Root Capital • Celanese • Mobil • Heaven Holdings • Freeport McMoran • Phelps Dodge • Quanta Corporation • Xerox • Rohm & Haas • Levi Strauss • McKinnon • Accion • Sara Lee • Scott Paper • General Instrument • Beyond the Grid Solar Fund • LeapFrog Investments • Kerr-McGee • Greenlight Planet • ZH Computer • Applied Magnetics • Pennzoil • Texaco • GE • Coca-Cola • Gazelle Finance • ContourGlobal • Hyatt • Living Water International • Ellicott Dredges • Pfizer • Land O'Lakes • Silver Street Private Equity Strategies • Chase Manhattan Bank • Paladin • Dragon Capital • Mellon Bank • RCA • Uniroyal • Bristol-Meyers • Alistair James • Hercules • Pepsi • Reader's Digest • North Shore Medical Labs • Ralston Purina • Lafise Group • Pacific Gas • Fresh Star Bakeries • Carrier Corporation • Apache Corporation • Middle East Investment Initiative • Sarona Asset Management • Peabody • Ace Hardware • Unocal • Belstar • Driscoll Strawberry • Microvest • Chubb



