



Congressional Budget Justification

Fiscal Year 2013

**Overseas Private Investment
Corporation**

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President's Letter

January 2012 marked OPIC's 41st anniversary, and while much has changed in the world, it is remarkable how prescient OPIC was in its design. When OPIC opened in 1971, official development assistance to developing countries outweighed foreign direct investment by 2 to 1. Today, those numbers are reversed – foreign direct investment outweighs assistance by 4 to 1. Private funds, not public, fuel developing economies. For four decades, OPIC has successfully worked hard to remain self-sustaining, efficient, and effective -- and in FY 2011 we have continued that success, generating net income of \$269 million.

OPIC's role in mobilizing the private sector not only opens markets for U.S. companies, and keeps America competitive, but also is an important way to influence policy and support economic growth consistent with U.S. foreign policy and development objectives.

The United States needs to mobilize resources in new and more effective ways, not only with fewer tax dollars, but in market friendly ways. OPIC's development finance enables the U.S. to do both: using its own resources, and moving *with* the grain of cultures and free markets by leveraging business as ambassadors and contributors to international development. As a nation, now more than ever, the United States must take a strategic approach to foreign investment. We must invest in regions and projects where we can make a difference, and we must continuously monitor to ensure projects are working as designed.

We must recognize that transitions in post-conflict regions present economic opportunities, as well as practical and competitive challenges. In this environment when global engagement is more important than ever, programs that can be self-sufficient or partner with an outside investor will be an increasingly necessary tool for doing more with less new resources. This means leveraging all the tools of development beyond aid, especially investment and trade. As the President referenced in his address to the United Nations last September, "the United States will continue to support those nations that transition to democracy – with greater trade and investment, so that freedom is followed by opportunity." Both Congress and the Administration recognize these challenges and are promoting changes in development assistance to focus on a full range of tools, as well as solutions that help permanently break the cycles of poverty, famine, and disease.

OPIC has a unique and powerful role to play in accomplishing this mission. OPIC multiplies scarce federal resources first by mobilizing finance and insurance in multiples to its appropriated budget, and then again, by mobilizing private sector finance. One dollar (from OPIC's own resources) drives an estimated \$159 in total resources, of which \$116 is non-federal.

Private Investment Flows Outweigh Development Assistance by 4:1

2010 Foreign Direct Investment
to Developing Economies... 573 B

2010 Official Development
Assistance (ODA) 128 B

Source: UNCTAD, OECD DAC

OPIC's resources are not drawn from the General Fund of the Treasury – the costs of OPIC's administration and its credit programs are funded from OPIC's own earnings. Even as OPIC fully budgets for the risk of its transactions, OPIC's reserves further insulate the General Fund. OPIC thus is self-sustaining – deploying its own resources to underwrite, evaluate, and monitor transactions as well as protecting the Treasury from the risks of OPIC's transactions.

Pricing and fees will support our net collections and our contributions to the budget. OPIC anticipates \$3.20 in net collections for each \$1 of appropriated resources. These resources will enable higher program capabilities within a total footprint essentially the same as FY 2011.

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request
Resources			
Administration	52.31	54.99	60.78
Credit Program	18.1	25.0	31.0
Net Collections	<u>(262.8)</u>	<u>(278.0)</u>	<u>(284.9)</u>
Net Budget	\$ (192.4)	\$ (198.0)	\$ (193.1)
Commitments			
Finance	\$ 2,423	\$ 3,100	\$ 3,150
Insurance	\$ 381	\$ 600	\$ 800

This use of OPIC's own balances will enable OPIC to underwrite more transactions and generate self-sustaining collections. This level of resources is integral to OPIC's ability to support foreign policy priorities such as in the Middle East and North Africa, a program of clean energy finance, and continued prudent management of OPIC's portfolio. OPIC's ability to mobilize private resources toward U.S. priorities will become ever more important as the budget environment reduces resources for other foreign policy and international development programs.

We look forward to your guidance and support in advancing the work before us.

Best,



Elizabeth L. Littlefield
President and CEO

Overview

Established as an agency of the U.S. Government in 1971, OPIC operates on a self-sustaining basis at no net cost to U.S. taxpayers. OPIC's portfolio is currently \$14.5 billion of projects in more than 100 countries. As the U.S. Government's development finance institution, OPIC mobilizes private capital to help solve critical development challenges and in doing so, advances U.S. foreign policy. OPIC achieves its mission by providing investors with financing, guarantees, political risk insurance, and support for private equity investment funds. Because OPIC works with the U.S. private sector, it helps U.S. businesses gain footholds in emerging markets catalyzing revenues, jobs, and growth opportunities both at home and abroad.

By leveraging economically sound projects and charging market-based fees, OPIC catalyzes but does not compete with the private sector. In order to ensure that it is supporting rather than supplanting private investment in these economies, OPIC systematically assesses whether it is needed in a particular project. OPIC's approach incorporates both country-specific market information such as country risk, macroeconomic risk, and regulatory market risk, as well as project-specific financing needs such as size, tenor, and use of new technology. In this way, OPIC works to ensure that its funds are additional to a project's financing.¹

The Budget requests an Administrative Budget for FY 2013 which would support a greater lending level and higher related revenue. In total these administrative expenses can be self supporting using revenues from the related program. The requested level reflects the resources required to maintain its portfolio and to meet policy and technical mandates for FY 2013. OPIC's budget request should be considered in the following context:

- **OPIC Makes Money** – OPIC generates more income than it uses, producing \$3 for each \$1 of appropriations, thus generating net revenue within the International Affairs budget. OPIC's appropriations set OPIC's spending from its own balances, rather than making available funds from the Treasury.
- **OPIC Supports National Security and Foreign Policy** – OPIC efficiently mobilizes the private sector to support U.S. development and foreign policy objectives – even in challenging environments such as in Afghanistan, Pakistan, and Iraq.
- **OPIC Supports U.S. Policy** – OPIC is a critical tool to fulfilling the policy goals such as supporting the Middle East and North Africa region, the Partnership for Growth, the National Export Initiative, and global efforts to promote renewable and clean energy.
- **OPIC Assists U.S. Businesses and Small and Medium Enterprises (SMEs)** – OPIC helps U.S. businesses expand and export into emerging markets, and supports SMEs which have the most growth and employment potential but otherwise would not be able to access the market, thus OPIC supports U.S. jobs and exports.

¹ OPIC annually meets with the Private Market Advisory Group (“PMAG”), which consists of representatives from the investment community and the private sector insurance market. The PMAG is structured to provide feedback on OPIC's products and performance as a political risk insurer and to enhance cooperation between OPIC and the private sector.

OPIC Budget Request

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request
Resources			
Administrative	52.31	54.99	60.78
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Finance	\$ 2,423	\$ 3,100	\$ 3,150
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The budget request for FY 2013 proposes a net impact very close to the last two fiscal years while providing OPIC with administrative and subsidy resources to expand its program and responsibly maintain its portfolio. OPIC can do this through offsets from negative subsidy supported by transaction volume, and other income.

These offsets are supported by the requested resources - to achieve the higher negative subsidy levels, OPIC needs the systems and staffing to support transaction levels and fees. To the extent that the resources are not appropriated, then these offsets are similarly affected.

The appropriated resources will continue OPIC's support of policy priorities such as MENA, clean and renewable energy initiatives, and business-critical portfolio and financial management standards necessary to keep pace with audit and financial reporting requirements.

Active management and monitoring of OPIC's portfolio is necessary as OPIC cannot diversify its exposures through methods available to the private sector such as asset sales, or purchases of options. OPIC must continually advance its institutional capability to underwrite, account for, and manage complex assets throughout their life cycle. This is necessary to remain self-sustaining over a multi-year period; and, to extend an unblemished record of clean audit opinions. In summary, OPIC is different:

- OPIC earns more than it spends and is a net resource generator for the appropriations bill.
- OPIC has a well established history of contributing to deficit reduction. Throughout OPIC's 41 years, OPIC has been a steady contributor to *reducing* the federal deficit. By collecting more than it spends, OPIC demonstrates that it is self-sustaining, whether on an annual, or cumulative basis.
- Administrative resources can generate more offsetting collections than they use. The FY 2013 budget request, for example, projects more than \$3 of gross offsetting collections for each \$1 of appropriations.
- OPIC's resources are not from the General Fund of the Treasury but are from OPIC's own balances.

OPIC Supports US Policy while Generating Resources

OPIC has a unique value to the Budget as directly supporting foreign policy and development, while at the same time generating income for the, Approaches such as OPIC's are a critical solution to supporting development goals in an efficient, effective, flexible, and cost-effective way.

The budget request illustrates that OPIC's request for additional resources can be justified in the current context in which all agencies are constrained.

- All of OPIC's funds are provided out of its own balances, not out of the general fund or taxpayer resources at the Treasury.
- OPIC's proposed budget can be offset with negative subsidy – generated by its transactions.
- OPIC is efficient with its resources.
 - For FY 2011 OPIC committed almost \$7 in program level for each \$1 of appropriated administrative expenses and credit budget.
 - OPIC has over its history mobilized an average of \$2.70 for each \$1 of its insurance and finance commitments.
 - OPIC's FY 2011 administrative expenses are 1.7 percent of insurance and finance program levels. OPIC's FY 2013 request proposes \$79 of insurance and finance program for each \$1 of resources.
 - OPIC is a small agency at approximately 220 FTE supporting more than 500 transactions and a portfolio of more than \$14.5 billion.
 - In FY 2011, each OPIC employee generated an average of \$17.4 million in new commitments and supported \$1.2 million in revenue for the federal government.

By balancing risks, returns and resources, OPIC earns a nominal return for the budget, maintains itself as a fully self-sustaining Federal Corporation, and helps to reduce the federal deficit.

OPIC had met its statutory requirement to operate on a self-sustaining basis even before 1982, when President Ronald Reagan hosted a White House event where he accepted a check from OPIC's President, repaying the U.S. Treasury for OPIC's original paid-in capital.²

In FY 2011, OPIC's positive effect on the federal budget totaled \$240 million – the 33rd consecutive year that OPIC has contributed to the budget. On a private-GAAP basis, OPIC had audited net income of \$269 million in FY 2011.

² <http://www.youtube.com/watch?v=oWA7xmWalme>

History of OPIC Deficit Reduction
 Negative Outlays 1962 to 2011
 Dollars, Millions – Annual (Left Axis) and Cumulative (Right Axis)

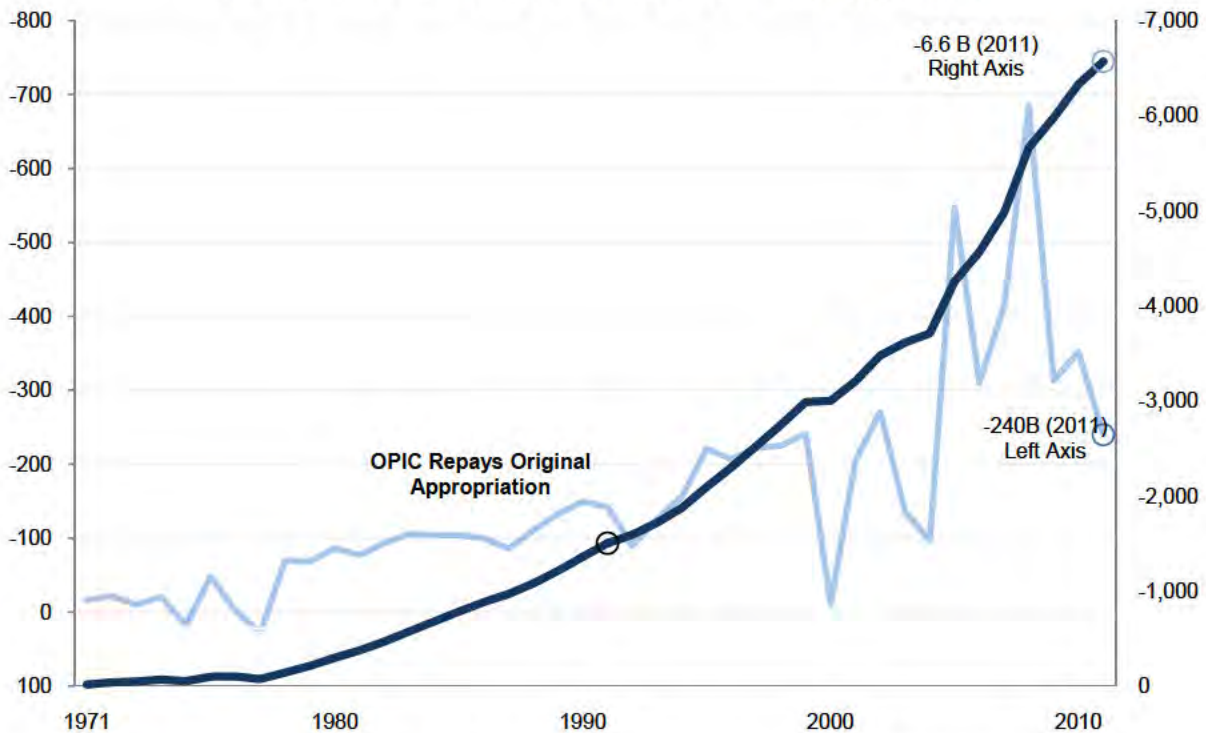


Figure 1 Annual and Cumulative Negative Outlays 1971 to 2011 (OMB, Treasury)

When it was created in 1971, OPIC was organized as a government-owned corporation in order to operate as a business, on a self-sustaining basis at no net cost to the U.S. taxpayer. OPIC meets this requirement by charging market-based fees and premiums for its loans and insurance. This income enables OPIC to generate more income than it spends, and thus build reserves from its own revenue without drawing on the U.S. Treasury.

OPIC's structure reflects the Administration and Congress' recognition that OPIC is intended to be run as a self-sustaining *business*. This design principle is stamped on OPIC's authorizing legislation, its status as a government-owned corporation, down to the design of its accounting systems. OPIC engages in operations which generate income, creates capital, and sets aside resources for the activities of the business. OPIC does not draw resources from the General Fund of the Treasury – rather OPIC invests its net earnings in Treasury securities, and thus OPIC is a 'lender' to the Treasury.

The annual appropriations process acts as a limit on the resources which OPIC can spend, creating budgetary income from the difference between what OPIC collects in a year and what it can spend.

- This budget request projects that in FY 2013 OPIC will contribute \$193.1 million to the federal budget.
- OPIC has contributed toward reducing the federal deficit for 33 consecutive years. In FY 2011, for example, OPIC contributed \$240 million (negative outlays) to deficit reduction. OPIC is one of the very few U.S. government agencies which generate deficit reduction for the U.S. taxpayer.
- Separately, the annual external audit of OPIC’s financial statements confirm that OPIC generated \$434 million in revenue and \$269 million in net income in FY 2011. These figures compared favorably to FY 2010, when OPIC generated \$397 million in revenue and \$260 million in income.
- OPIC’s reserves now total \$5.2 billion invested in Treasury securities – enabling OPIC to insulate the Treasury from the risk that its portfolio might generate losses in excess of those already budgeted.

OPIC Impact Results for FY 2011

Total Number of New Projects	92
Projects in Low Income Countries (# of projects)	39%
External Capital Mobilized	\$4.36 B
Renewable Megawatts Generated	727.8
Annual Tons CO ₂ Emissions Avoided	931,312
Number of Projects with U.S. Small Business	72
Share of Projects with U.S. Small Businesses	78%
U.S. Exports Generated	\$1 B
U.S. Jobs Supported	1,373

These results are based on projections at the time of OPIC commitment.

Foreign Direct Investment Flows Outweigh ODA

OPIC's role as a catalyst for the private sector can be seen in a comparison of private flows versus official aid flows to developing countries.

Since the 1990's, FDI flows have grown far faster than either total, or bilateral ODA. In 2010, \$4.46 of FDI flowed to developing countries for each dollar of total multilateral and bilateral ODA. Focusing on bilateral ODA, this figure rises to \$6.27.³

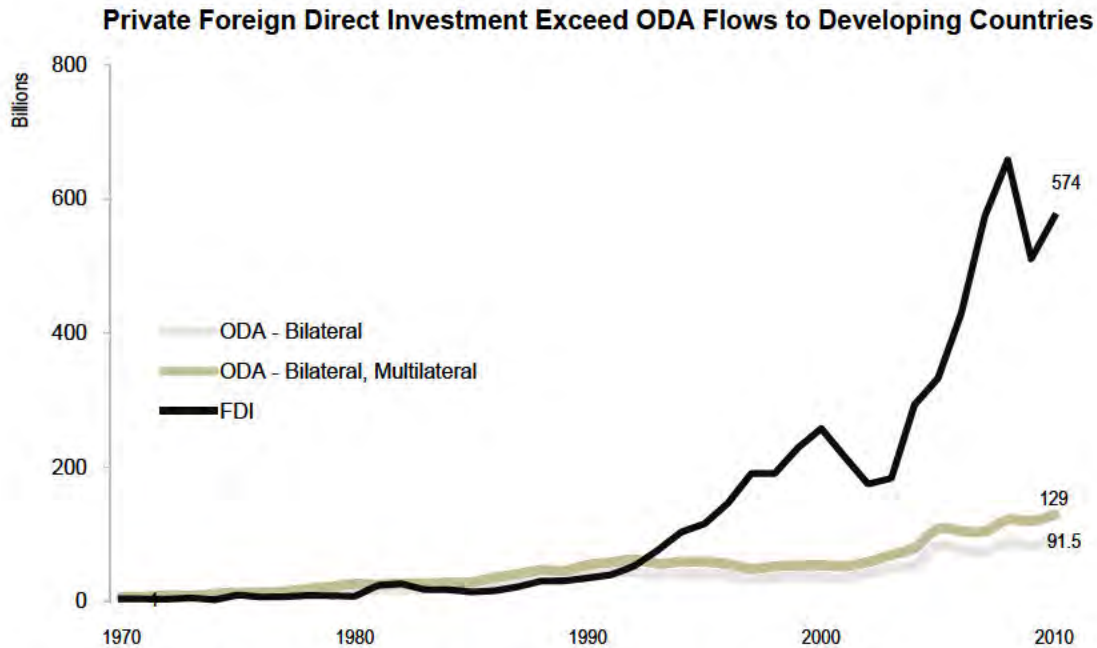


Figure 3 Foreign Direct Investment vs. Total ODA, Bilateral ODA (UNCTAD, OECD)

Private resource flows are driving external finance in developing countries – while sometime volatile, FDI flows continue to grow at rates far faster than ODA. These resource flows are critical sources of finance for developing economies – as a result, shaping this FDI to meet serves both efficiency, as well as development objectives. Influencing even a small portion of these private flows can shape resource flows at a multiple to that of bilateral or multilateral aid.

³ <http://stats.oecd.org/Index.aspx?DatasetCode=TABLE1>
and <http://unctadstat.unctad.org/TableViewer/tableView.aspx?ReportId=88>

OPIC Mobilizes Resources

For the period 1974-2011, OPIC projects mobilized an average of \$2.70 for each \$1 of its insurance and finance commitments. OPIC committed \$63.6 billion in finance and guarantees, and other partners contributed \$177.3 billion. This illustrates how OPIC can efficiently use federal dollars to mobilize resources.

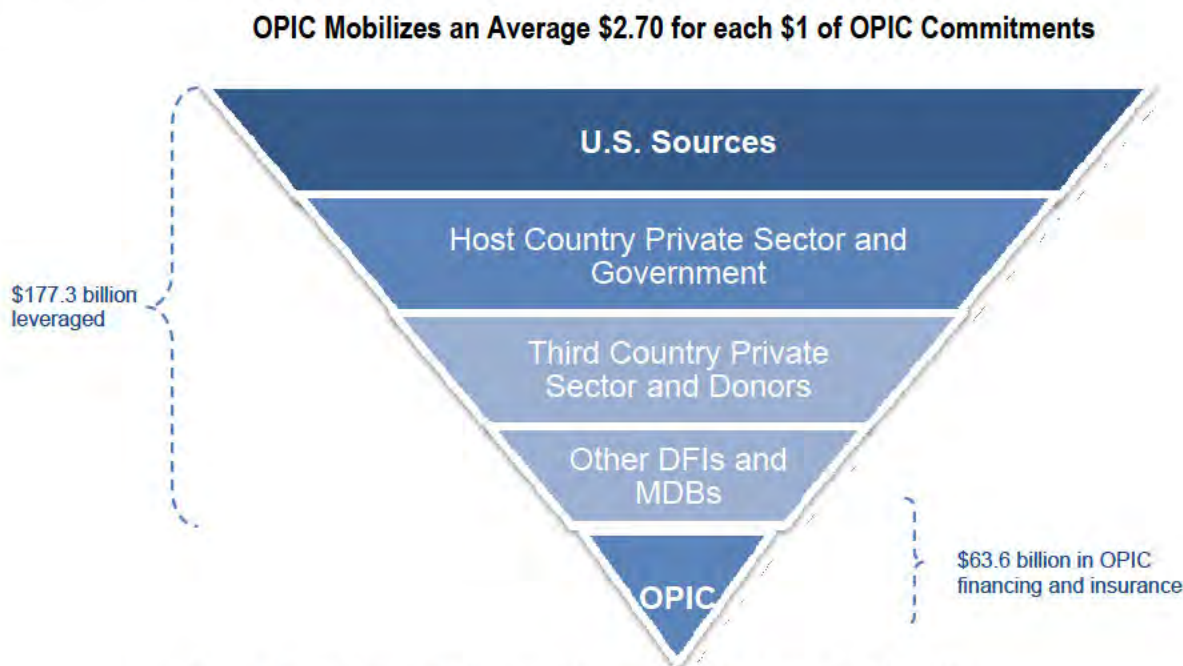


Figure 4 Cumulative OPIC Resource Commitment Mobilization 1974-2011

Key Challenges and Market Failures

OPIC's programs provide value added not only through absolute resource mobilization, but also to encourage investment into countries and regions which otherwise would not draw investment, as well as to address some of the development-effectiveness critiques of FDI.

- FDI is volatile – for example FDI flows to Africa, least developed countries (LDCs), landlocked developing countries, and small-island developing states continued to fall in 2010, from pre-crisis levels.⁴
- FDI tends to support an economic takeoff once one is underway. For the least developed countries (LDCs) however, some studies also show that FDI does not generally support Human Development goals.
- By working in some of the most challenging LDC's OPIC works to set the stage for an economic takeoff. At the project level, OPIC also works to maximize the development impacts of all of its projects, for example, by supporting projects which provide employment and capacity building in the affected community.

⁴ "World Investment Report 2011" UNCTAD.

- ODA and FDI can each have complementary design features to enhance governance, institutional capability, and accountability. OPIC seeks to support projects which confer benefits on the host country government and which are consistent with DFI standards.

OPIC Supports National Security and Foreign Policy

The demand for OPIC financing and insurance, particularly in foreign policy priority but risk-intensive countries, has dramatically increased. Priority countries such as Iraq, Afghanistan, and Pakistan are difficult markets and OPIC financing in these markets requires more credit resources. As a nimble and effective foreign policy tool, OPIC supports private-sector investments in key foreign policy priority countries such as Afghanistan, Pakistan, and Iraq. OPIC supports investment in Afghanistan, Pakistan, and Iraq by providing the capital and risk mitigation tools that investors need to overcome the many barriers faced in the region including lack of security, presence of corruption, and uncertain legal regimes. OPIC's financial tools catalyze private capital flows in these countries, which contributes to economic development and stability.

OPIC Supports National Security and Development Goals

- Afghanistan
- Pakistan
- Iraq

Afghanistan

Since 2003, OPIC has invested \$252 million in 34 projects in Afghanistan which have created an estimated 5,500 jobs and resulted in nearly \$260 million of projected local procurement. Currently, OPIC's portfolio in Afghanistan totals \$193 million across 19 projects. Examples of current projects include:

- [Redacted]
- [Redacted]
- [Redacted]

OPIC can highlight two transactions in Afghanistan.

[Redacted]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

OPIC is also currently completing due diligence on several high priority projects in Afghanistan, including:

- [REDACTED]
- [REDACTED]
- [REDACTED]

Pakistan

In Pakistan, OPIC offers financing and insurance products which enable investors to address their risk management needs in an uncertain security climate. Large international companies operating in Pakistan typically have sufficient access to capital, as do microfinance borrowers. OPIC has therefore focused on the small and medium-sized enterprises which historically have been isolated from the banking sector. Since 2002, OPIC has invested over \$359 million in 23 projects in Pakistan which have created an estimated 7,350 jobs and resulted in nearly \$225 million of projected local procurement.

Currently, OPIC's portfolio in Pakistan totals \$73.5 million across 14 projects including:

- SME Credit – \$6.5 million loan to help launch and finance a nation-wide microfinance institution, a \$21.5 million liquidity facility for expansion of microfinance loan portfolio and a credit facility to help expand the microloan portfolio of a leading microfinance institution.
- Infrastructure (manufacturing) – \$1.2 million financing for manufacture of water treatment equipment.
- Telecommunications – \$1.4 million in financing for Pakistan's largest cellular service provider, and \$9.8 million financing for the construction of telecommunications towers.

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

- Renewable Energy (biofuel) – Insurance for a company building and operating a biomass-fueled power plant that will utilize bagasse, a byproduct from sugarcane.
- Renewable Resources – a direct loan for a desalinization project to be located in Karachi.
- Oil and Gas – a direct loan for construction and development of a liquefied natural gas terminal and regassification facility.

Iraq

OPIC supports investment in Iraq by providing the capital and risk mitigation tools that investors need to overcome the many barriers faced in the region including legal risks, operational risks, and regional conflict. OPIC's current portfolio in Iraq totals \$226 million across seven projects. Examples of current projects include:

- Small and Medium Enterprise Finance – 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 SMEs, including agricultural, construction and manufacturing sectors. OPIC has provided almost \$75 million in direct loans through three facilities.

Since 2004, OPIC has invested \$527 million in 26 projects in Iraq.

One example of the use of this facility was in Kurdistan – the largest agriculture area in Iraq. The provision of a \$5 million loan to a poultry and agricultural business in Kurdistan region helped the borrower purchase cooling equipment and refrigerated trucks for a new food processing and cold storage including a total of five halls with a capacity of up to 500 tons per unit. These refrigerated units are used to store chicken, vegetables, processed foodstuffs, and as space for rent to other producers. The need for food processing and cold storage is clear after taking into account that the Iraqi agriculture sector accounts for 26 percent of the country's GDP, 64 percent of its employment and 18 percent of its exports. A separate SME loan is being used to fund feed mill equipment, construction and raw materials to further enhance the capabilities of this SME in Iraq.

- Microfinance – OPIC is financing \$90 million for the expansion of microfinance services in Iraq. The borrower will use the proceeds of the OPIC loan to expand the largest microfinance service provider in the country, currently serving almost 24,000 clients. Most of the clients are micro-entrepreneurs working the trade and service sectors, including grocery stores, mobile phone shops, clothing and accessories, as well as electricians and mechanics. Since its creation in 2003, the microfinance provider has enabled its borrowers to create or sustain employment for over 39,000 Iraqis.

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

- Infrastructure (Equipment) – Insurance to support the sale of equipment used in infrastructure projects.
- Affordable Housing – Financing for the construction and lease purchase financing for over 1,500 affordable housing units.

OPIC Supports U.S. Policy

As a small agency, OPIC is flexible and nimble, so it can respond immediately to foreign policy and development needs. OPIC's proposed budget maintains OPIC's ability to be responsive to the Middle East and North Africa and key initiatives such as clean and renewable energy as well as the Partnership for Growth. OPIC has been a key contributor to these policy goals - and OPIC will continue to be key wherever the private sector can be mobilized in support of U.S. policy.

- OPIC's ability to deliver in the Middle East within three months of a policy announcement demonstrates OPIC's effectiveness and value as a nimble foreign policy tool and a cost-effective means for development. In the Middle East/North Africa, OPIC is developing up to \$3B in financing for the region.
- Clean and Renewable Energy – OPIC is a significant component of the U.S. program to support clean and renewable energy.
- The Partnership for Growth – OPIC supports sustainable economic development in priority countries. For example, in FY 2011 OPIC projects created over 19,000 host country jobs.

Middle East and North Africa in the Wake of the Arab Spring

OPIC has a long and successful history as a catalyst for private-sector investment in the Middle East and North Africa (MENA). For over 35 years, OPIC has supported investment in MENA by providing the capital and risk mitigation tools that investors need to overcome the many barriers faced in the region. To stimulate investment, OPIC offers financing, guarantees, political risk insurance, and support for private equity investment funds. Since 1974, OPIC has invested nearly \$8 billion in 463 projects in the Middle East and North Africa. Historically, OPIC's support for the region has targeted four critical areas:

- Credit for small and medium enterprises (SMEs)
- Infrastructure development (housing, energy, telecommunications)
- Agriculture and food security
- Humanitarian Assistance

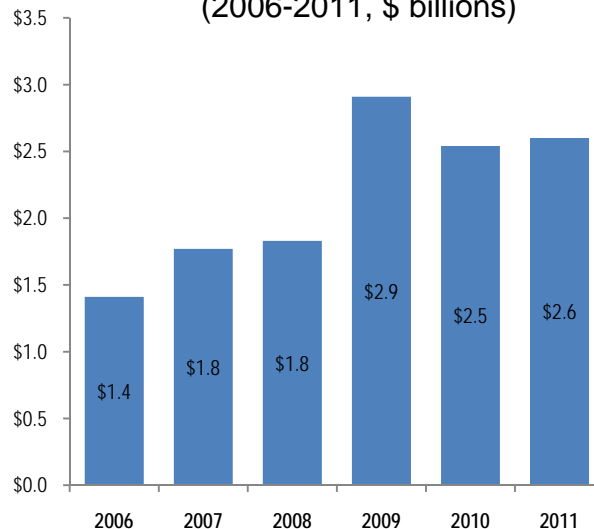
Sweeping change in the MENA region, including revolutions in Egypt, Libya and Tunisia, have made OPIC's work in the region even more critical. As a result, MENA is a top regional priority for OPIC. OPIC's work in this region has been fueled by the recognition that private capital investment is essential for security, stability, growth and job creation, and that partnerships between U.S. and local businesses are a powerful means to promote development and shared prosperity.

In March 2011, Secretary of State Hillary Clinton announced OPIC will provide up to \$2 billion in financial support to catalyze private sector investment in the Middle East and North Africa region. This initiative will prioritize small- and medium-sized enterprises and provide projects with fast-track approval to mobilize capital quickly.

Separately, in May 2011, President Obama announced that OPIC would provide up to \$1 billion in new financing to support infrastructure and job creation in Egypt. OPIC financing will support public-private partnerships in key sectors such as energy, health and waste-water treatment as well as potential facilities for SME lending, housing, or consumer financing.

Credit for SMEs: Less than three months after Secretary Clinton's original announcement of support, OPIC's Board of Directors approved two Loan Guarantee Facilities to support lending through local banks to small businesses in Egypt and Jordan. These facilities could leverage up to \$1.4 billion in combined lending to SMEs, which are the drivers of growth and employment in both countries, and will enhance stability and contribute to sustainable economic development

MENA Portfolio Exposure
(2006-2011, \$ billions)



across the region. OPIC anticipates first loans being made to SMEs under the structure by January 2012. OPIC is exploring providing financing to support SME expansion and franchising opportunities in Tunisia.

Infrastructure Development: OPIC is continuing to pursue a number of other financing opportunities with U.S. companies and financial institutions, such as Coca-Cola, GE, Bechtel, FedEx, First Solar, JP Morgan, and Citibank, in the renewable energy, housing, health, infrastructure and agricultural sectors in the region. In addition, OPIC is working with Citadel Capital to provide a \$125 million loan alongside Citibank to support the growth of ten existing portfolio companies in the transportation, financial services, infrastructure and agricultural sectors. This transaction is expected to be approved by the OPIC board in October 2011, and disbursed by January FY 2012.

Support for Private Equity Funds: In addition, OPIC has approved debt financing for a number of private equity funds operating throughout the MENA region, particularly in Egypt, including \$150 million for Abraaj Capital, \$25 million for Accelerator Tech Capital Partners, and \$100 million for Citadel. OPIC has been working closely with these funds to finalize legal documents.

OPIC is supporting the Maghreb Private Equity III, LP Fund which will invest \$210 million including an OPIC loan guarantee of up to \$52.5 million. This fund will be managed by TunInvest, which is based in Tunis with offices in Casablanca and Algiers, and is their third fund for the region. The fund will invest primarily in Small and Medium enterprises in agriculture, transport and other industries in Tunisia and other countries in the Maghreb. Other partners in the Fund include IFC, DEG, FMO, SIFEM, Proparco, Africa Development Bank, CDC France. The Fund reached its first closing at \$119 million in September of last year, and OPIC's Board of Directors approved this loan guarantee in December. OPIC hopes to sign a commitment letter by the end of June.

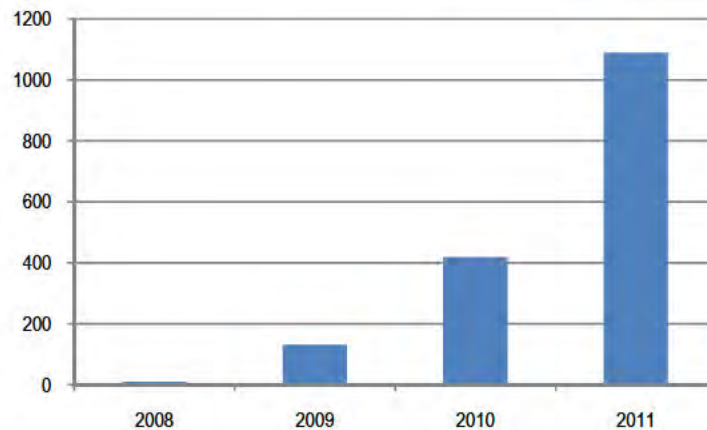
Renewable Resources

The global transition to cleaner forms of energy is perhaps the most predictable economic transformation in modern history. While the environment, health, and considerations of social stability and energy independence drive this change, a clear driver should be both the economic opportunities for U.S. technology, as well as the opportunity to support a cleaner energy trajectory for emerging economies.

OPIC is a key participant for the U.S. government, and has made significant progress in advancing the U.S. Government's pledge to assist developing nations in combating climate change. OPIC has a strong track record of supporting renewable resources and clean technology projects in emerging markets. Since 2008, OPIC has committed more than \$2 billion of investments in renewable resources, including financing and insurance to support projects in renewable energy, energy efficiency, agriculture, forestry, and water treatment. OPIC's focus on renewable resources is supporting projects in wind, solar, hydropower, biomass, geothermal, and other sustainable sources of energy, which will reduce carbon emissions, improve access to electricity and support economic growth. OPIC's current portfolio includes over 2,200 MW of

clean energy. In FY 2011 OPIC committed to providing \$1.14 billion in financing and insurance for renewable energy projects.

OPIC Renewable Resources Commitments
(Millions of \$)



OPIC helps to mobilize substantial private resources to support the Global Climate Change Initiative and the global shift to cleaner energy in an historic time of fiscal uncertainty and constraint. OPIC's model is efficient, effective, and innovative, and integrates country, private, and federal goals into projects which, because of the alignment of policy and economic interests, are likely to generate measurable results.

OPIC is also the U.S. Government's key instrument to help deliver on the commitments it made at the UN Climate Change Conferences in Copenhagen and Cancun. From the Cancun Conference, OPIC President and CEO Elizabeth Littlefield announced that OPIC would provide at least \$300 million in financing for new private equity investment funds that could ultimately invest more than \$1 billion in renewable resources projects in emerging markets. OPIC has already fulfilled this commitment by completing a Global Renewable Resources call for proposals from private equity fund managers in the renewable energy and clean technology sector. In June, 2011, the OPIC Board approved \$498 million of financing for five new investment funds that will mobilize up to \$1.5 billion of total private investment in the renewable resources sector in developing nations, primarily in Southern Asia and Sub-Saharan Africa. OPIC's support for these Funds represents one of the largest contributions by the U.S. Government to support the international community's initiatives to mitigate climate change.

In addition to the investments OPIC is already supporting in renewable energy and resources, we are also actively developing new financial products to help U.S. businesses finance and insure their investments in a rapidly-evolving sector. For example, as part of the Global Climate Change Initiative, the United States has committed to helping countries that put forward ambitious programs to reduce greenhouse gas emissions from deforestation and forest degradation (REDD+), and recognizes the critical role of REDD+ to reduce emissions. In support of this nascent sector, OPIC recently extended a \$1 million insurance contract with Terra Global Capital to protect forests in 13 community areas of Oddar Meanchey province, Cambodia. OPIC's insurance coverage will protect Terra Global against the Cambodian

Government’s breach of contract risk and political violence. This is the first time that a political risk insurance contract has been written by OPIC for a REDD carbon project and it is believed to be the first REDD insurance contract executed globally. Other new OPIC products include a long-term subordinated debt offering for energy efficiency upgrades, and a renewable energy and clean technology equipment leasing product.

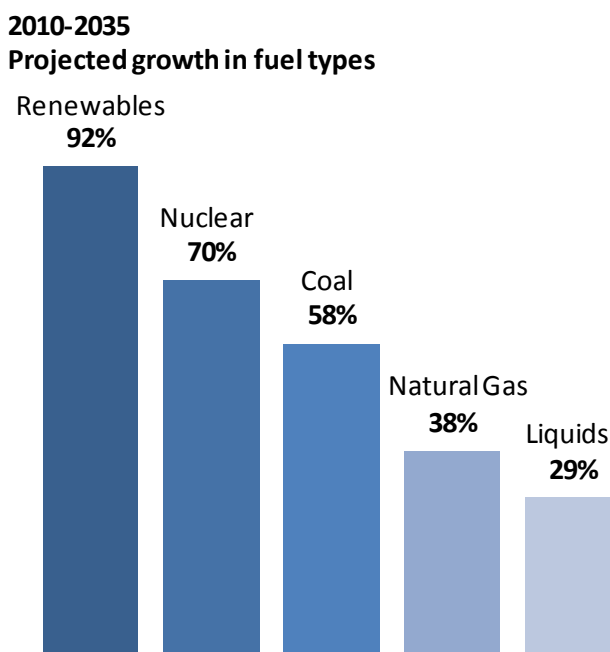
These new asset classes present an opportunity and a risk for OPIC. OPIC has committed to an impressive number of clean and renewable energy transactions which are beginning to disburse. While transactions have been underwritten, signed, and announced, the work does not end there. OPIC must now document, disburse, monitor, and sometimes work out transactions. OPIC requires the staff and technical background to support these and other specialized transactions.

Finally, OPIC has a very progressive and explicit commitment to lowering greenhouse gas emissions across its portfolio by 50 percent over a 15 year period ending in 2023.⁵ This policy, which some feared would hurt OPIC’s ability to generate new investments, has not had that effect. Instead, by establishing an annual carbon cap for its portfolio and shifting its sectoral emphasis to renewable resources, OPIC has emerged as a market leader in the space. OPIC is on target and plans to continue working toward reduced emissions and increased energy efficiency, which is in line both with U.S. foreign policy priorities and the increasingly rapid global transition to a lower carbon economy.

Economic Opportunities for this Transition

The rapid depletion of the worlds resources coupled with incredible technological advances in just the past five years alone have combined to make this transition readily apparent to all those following the issue. What has been seen for 20 to 30 years as largely an environmental issue is being recognized by more and more countries and governments as an economic opportunity, with projected growth in renewables expected to far outpace growth in more traditional fuel types in the years to come.

At the same time, delayed action in this transition will result in real costs. The economic opportunities associated with this transition run easily into the hundreds of billions of dollars. First



Source: *International Energy Outlook 2010*. Energy Information Administration. May 2010

⁵ “Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010.” (Public Law 111-117 Section 7079(b)), 123 Stat 3396.

movers will lock in significant long-term advantages. The industry standard for battery storage, for example, or grid switching devices, confers long-term benefits to the economies and the firms which establish first.

A recent study from Pew confirmed that the clean tech sector was among the fastest growing sectors over the past decade from a jobs perspective, yet the rate of growth in the U.S. has paled in comparison to the rate of growth in many other countries.⁶ And a recent Brookings study, released in July 2011, shows that the clean economy in the U.S. now employs more people than the fossil fuel sector.⁷

Different countries have responded to the global economic downturn in different ways. China and South Korea in particular have used their economic stimulus packages to support sizable new investments in a low-carbon economy. The United States did that as well but to a lesser extent, as it is neither possible nor desirable to raise the amount of capital required from public coffers. Instead, smart policies and limited public money can catalyze private investment into low-carbon infrastructure in developing countries; and OPIC is the tool that makes this possible.

As the global population grows, and with it, the demand for power, renewable energy is becoming an increasingly practical solution to the power shortages around the world. For example, one OPIC loan recipient, Assured Guaranty Municipal Corporation, is developing, constructing and operating two 20 MW solar power projects to help supply Peruvians with much needed power. Using solar technology developed by a U.S. company, the project will sell all the electricity it produces to the national grid and thereby supporting Peru's effort to diversify its sources of electricity generation.

In the same way that developing countries were able to leapfrog in the telecom space, and go from no phone service in many communities straight to widespread cell phone use even in relatively remote villages, the same will be true with respect to renewable energy in developing countries.

⁶ "The Clean Energy Economy" June 10, 2009 http://www.pewcenteronthestates.org/uploadedFiles/Clean_Economy_Report_Web.pdf

⁷ "Sizing the Clean Economy: A National and Regional Green Jobs Assessment" July 13, 2011 http://www.brookings.edu/reports/2011/0713_clean_economy.aspx

The Partnership for Growth

The Partnership for Growth (PFG) puts into practice the principles of the new Policy Directive to drive economic progress and achieve sustainable economic growth. The initiative focuses on four top-performing low-income countries: El Salvador, Tanzania, Ghana, and the Philippines. OPIC is central to the President's development policy through the Partnership for Growth. The PFG process recognizes the critical role of the private sector as a driver of economic development, and because OPIC works with the private sector, we foster a business-to-business aspect of U.S. foreign and development policy. This is increasingly important, since private sector capital flows to emerging markets far outweigh official development assistance. In 2010, developing countries received \$4.46 of Foreign Direct Investment for every \$1 of Official Development Assistance.

- OPIC made two \$60M direct loans to Ghana Home Loans to enable expansion of its mortgage lending activities to low- and middle-income borrowers.
- The loan reinvigorated the affordable housing market and has increased the availability of long term financing in Ghana.
- OPIC's loan catalyzed private and multilateral investments.

The PFG process has targeted specific constraints to growth in each country and, once complete, should help remove some of the barriers to investment faced by private companies. OPIC's financial and risk mitigation tools will be essential to supporting increased investment into these four priority countries and delivering on the Administration's commitment to supporting broad-based economic growth. OPIC's expertise in supporting investments in renewable energy and financial services will be especially valuable in addressing the access to power constraint which is being targeted in Ghana and Tanzania, as well as access to credit which is highlighted in Ghana.

OPIC is open for business in all four PFG countries. In Ghana and Tanzania, OPIC enables agricultural productivity, helps expand small and medium enterprise lending, and furthers investments in critical infrastructure. Since 1975, OPIC has invested more than \$572 million in 39 projects in Ghana with a current portfolio of \$109 million over 7 projects. Since 1984, OPIC has invested more than \$147 million in 12 projects in Tanzania with a current portfolio of \$41 million across 9 projects. In the Philippines, OPIC furthers investments in critical infrastructure projects including those that promote clean technology and renewable resources. Since 1974, OPIC has invested more than \$2.6 billion in 144 projects in the Philippines, with a current portfolio of \$390 million across 8 projects. In El Salvador, OPIC has invested more than \$357 million in 34 projects.

OPIC has a substantive pipeline of projects in PFG countries, and is contributing to the process. Most significantly, in June 2011, OPIC's Board of Directors approved nearly \$500 million in financing for five new investment funds that could ultimately invest more than \$1.5 billion in the renewable resources sectors of South and Southeast Asia and Africa. This includes \$62 million to a fund that will target renewable energy projects in India and the Philippines, and \$250 million for two funds focused on the agricultural sector in Sub-Saharan Africa. These investment funds leverage private-sector dollars and will inject much-needed capital into critical sectors in these priority countries.

Policy Directive on Development

On September 22, 2010, the President signed a Policy Directive on Global Development.⁸ The directive provides guidance for federal agencies on the President’s strategic direction. The table below summarizes some of the key ways in which OPIC provides unique value in catalyzing the private sector in support of the Policy Directive’s three pillars.

Pillars	Key Approaches	OPIC’s Role
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;	<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
A new operational model that positions the United States to be a more effective partner and to leverage our leadership;	<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 leverages the capital and skills of the private sector and U.S. business in support of private-sector-led initiatives. • By mobilizing and shaping Foreign Direct Investment and private resources – OPIC multiples federal dollars. • OPIC collaborates with DFI’s and bilateral aid agencies. • OPIC’s projects are aligned with private sector goals and thus are self-targeting to efficient uses of capital.
A modern architecture that elevates development and harnesses development capabilities spread across government in support of common objectives.	<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’s three-pronged mission of development, foreign policy, and support for U.S. businesses supports this approach • The private sector provides the bulk of external resources to the developing world. A modern architecture requires a Federal capability to influence these flows. • The long run solution for complex humanitarian and security challenges inevitably requires broad based economic development. • OPIC has unique tools and skills within the federal government to support and mobilize private capital.

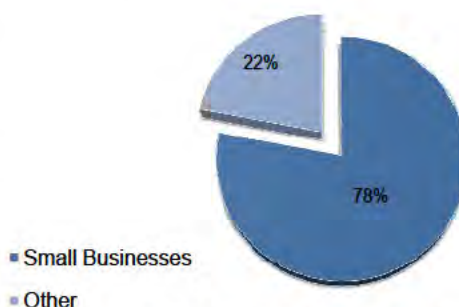
⁸ <http://www.whitehouse.gov/the-press-office/2010/09/22/fact-sheet-us-global-development-policy>

OPIC Assists U.S. Businesses and Small and Medium Enterprises

OPIC supports and engages U.S. businesses, especially small businesses. U.S. companies, both large and small, seek to compete in new markets but are faced with a host of challenges, including scarcity of investment capital in tough economic times. OPIC removes obstacles and opens opportunities by offering eligible small businesses affordable project financing and political risk insurance that is tailored to them and not available in the private markets. The investments of these businesses thus creates demand for U.S. exports and income flows back to the U.S. economy, and supports jobs both at home and in developing countries. OPIC catalyzes that process - especially critical at a time when U.S. domestic markets have not yet fully recovered from the recession, while emerging markets are growing rapidly with enormous pent-up demand and opportunities.

OPIC focuses especially on supporting small and medium sized U.S. enterprises not only because it is part of our mandate, but because U.S. small businesses are among the most valuable, innovative, and capable partners in achieving OPIC's development goals. In OECD countries SMEs account for approximately 99 percent of all enterprises and two thirds of employment while in emerging economies SMEs account for 97 percent of all jobs. In FY 2011, U.S. SMEs were significantly involved in 78 percent of

Percent of OPIC Projects in FY 2011 with Small Businesses



OPIC's projects. OPIC's policy constraints also ensure that OPIC projects do not harm U.S. jobs or U.S. industry, or have harmful effects on the U.S. economy. In fact, to date OPIC projects have generated \$74 billion in U.S. exports and supported more than 275,000 U.S. jobs. Over the last two decades, U.S. businesses investing abroad created 4.3 million U.S. jobs.

By investing and creating resources, businesses in the private sector make sustainable and broad-based economic growth possible. Every dollar of OPIC's committed financing or insurance levers approximately \$2.70 of private capital. And the OPIC financing is repaid, and recycled, repeatedly.

OPIC has a 40 year track record of prudent risk management and consistent revenue generation while creating partnerships that engage U.S. businesses in critical development and foreign policy priorities. At the same time however, OPIC's emphasis on helping small and medium U.S. enterprises access these emerging markets requires the support of a larger number of smaller sponsors and projects. While the number of transactions grows, OPIC's resources for underwriting, credit quality, and asset management, should not be diluted for the increased number of transactions.

Investment Funds

OPIC's investment funds program supports active, best practices-based U.S. private investment in emerging markets to complement development and U.S. foreign policy. By facilitating investment into growth equity and private equity funds, OPIC supports U.S. private sector involvement in the development of markets where capital – and in particular, active capital – is scarce. Through the investment funds program, OPIC has helped to generate sustainable, entrepreneurial private investment in emerging and frontier regions around the world.

OPIC's funds program has four direct impacts on development and support for U.S. foreign policy.

- OPIC increases the capital available for active investment into growth companies in emerging and foreign policy priority countries. This capital can be critical to support the growth of small and medium enterprises in these countries as well as the targeted development of priority sectors, particularly in countries that are in transition or in substantial need of investment for development.
- OPIC's participation as matched financing helps to catalyze U.S. and other private investment into emerging markets growth and private equity. OPIC provides financing matched to U.S. and other private capital, helping to mobilize additional capital into these funds.
- OPIC's support for emerging and first time growth equity and private equity sponsors helps to develop and mature best practices-based investment groups in emerging and transitional countries. Over 36 percent of OPIC-supported funds have been first time funds, in many cases among the first active investment funds in particular countries. Many of these funds have matured and gone on to attract additional capital in subsequent funds and demonstrated development and financial success. OPIC supports fund managers who take an active role in their investments, helping to provide advice and guidance to portfolio companies and to enable those companies to grow.
- OPIC's participation in growth and private equity funds has helped to standardize and popularize international environment, social, and governance (ESG) standards in emerging markets investing. OPIC supported managers adhere to ESG standards in their due diligence, investment and asset management process, helping to bring those standards and business practices to emerging markets. Moreover, the success in OPIC-supported funds helps to demonstrate the value of adhering to these standards.

OPIC's support for growth equity and private equity funds was important to provide capital to and demonstrate the success of privatization in Russia and Central and Eastern Europe in the 1990s. Similarly, OPIC's involvement in investment funds in the Middle East and North Africa will provide critically needed capital for small and medium enterprises in the region.

OPIC is providing a \$30 million guarantee to the Siraj Fund which focuses on growth investments in companies in the Palestinian territories. Investors are comprised of church

groups, individual Palestinian investors, an international economic development fund, high net worth US investors, other institutional investors—most are investing for both returns and for the social and economic impacts the fund is expected to have on the local economy. The Fund Manager believes that OPIC's support was critical in helping him raise the full \$50 million in equity capital and in achieving his target of \$80 million to support investment in a wide range of companies, including a date producer, propane gas distribution, and an engineering architectural services business.

OPIC is also credited with helping to catalyze the creation of private equity investing in Africa. OPIC invested in the first Helios and ECP funds, which have gone on to raise additional funds and successfully support companies and projects in South Africa and in Sub-Saharan Africa. Another example of OPIC's support in Africa is ATMT. OPIC's \$50 million support to this Fund helped this group of US, Tanzanian and Kenyan investors expand a group of small disparate cable TV operations into a regional broadband, satellite TV business, Wananchi Group; the company has subsequently attracted over \$75 million in capital from institutional investors such as Liberty and Kew. OPIC's support at the early stages of the company's development was key to proving out the concept and attracting additional capital.

Another story is OPIC's support of AIC Caribbean Fund, a \$250 million fund, the largest in the region. Among other investments, the fund established Columbus International, Inc., a telecommunications company which has laid underwater fiber optic circling the entire Caribbean, providing information products and services to the region.

In summary, the investment funds program at OPIC is focused on providing capital to private fund managers which engage in investing in emerging market countries globally. The fund managers which OPIC support, raise private capital from U.S. investors and investors elsewhere, and apply to OPIC to augment their private capital with government funding. Fund managers then use their capital pool and management expertise to give a lifeline to struggling companies, growth companies and start-up firms in markets that are capital-deficient. The important work that is done by private equity firms in emerging markets is not replicated by any other type of financial assistance – they pursue an active investment strategy, helping to bring international best practices of management and governance to maturing enterprises, attracting and developing senior management, and enforcing environment, social and governance standards.

Appendix

Appendix A: Legislation

Reauthorization Legislation

Introduced as HR 2762 on August 1, 2011

Section 235(a)(2) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195(a)(2)) is amended by striking `2007' and inserting `2015'.

Reauthorization Waiver

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, 2013.

Appropriations Language

Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012

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 [\$54,990,000] \$60,784,500: 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.

Program Account

For the cost of direct and guaranteed loans, [\$25,000,000] \$31,000,000, 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 [2012, 2013, and 2014] 2013, 2014, and 2015: Provided further, That funds so obligated in fiscal year [2012] 2013 remain available for disbursement through [2020] 2021, funds obligated in fiscal year [2013] 2014 remain available for disbursement through [2021] 2022, and funds obligated in fiscal year [2014] 2015 remain available for disbursement through [2022] 2023: 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 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, and merged with, funds appropriated by this Act for the Overseas Private Investment Corporation Program Account, to be subject to the terms and conditions of that account: Provided, That such funds shall not be available for administrative expenses of the Overseas Private Investment Corporation: Provided further, That designated funding levels in this Act shall not be transferred pursuant to this section.

Export Financing Transfer Authorities

Sec [7009] 7008(b)

(b) EXPORT FINANCING TRANSFER AUTHORITIES. Not to exceed 5 percent of any appropriation other than for administrative expenses made available for fiscal year [2012] 2013, 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: Development Matrix

EXPANDED DEVELOPMENT IMPACT MATRIX (XDIP)

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 and provide the basic human necessities of shelter, food, water and health care. To support its developmental mission, OPIC evaluates and scores every proposed project in 26 key areas across three broad categories that objectively quantify its expected contribution to host-country development.

- Category I covers job creation, training, local procurement, corporate social responsibility, and equal employment opportunity – five highly-weighted impacts that should be demonstrated by any project, regardless of sector or the level of economic development within the host country.
- Category II covers 20 additional development indicators within such broad areas as human capacity building (degree of training), private sector development, resource leveraging, social effects, infrastructure improvements, macroeconomic and institutional effects, and technology/knowledge transfer. The degree to which projects demonstrate these additional developmental benefits depends significantly on the features of a given project.
- Category III adjusts for the host country's per capita GNI, reflecting both OPIC's priority to steer investment into the poorest countries and the reality that nations most in need often lack the capacity to support more developmentally sophisticated investments.

A project must score at least 50 on the matrix to be considered *developmental* and clearly eligible for OPIC support. A score of 100 or more qualifies a project as *highly developmental*. OPIC's long-term goal is to achieve an average development rating of 100 across all business lines.

FINANCIAL SERVICES DEVELOPMENT IMPACT MATRIX (finDIP)

Over the past several years, OPIC support of financial sector projects has increased steadily. In order to capture accurately the developmental impact of these projects, OPIC developed the financial services development impact matrix (finDIP), using the XDIP framework and information gathered from other U.S. and multilateral agencies. The finDIP matrix consists of four Core Development Indicators, six Supplemental Development Indicators, and a GNP Per Capita Indicator:

- The four Core Development Indicators are financial instrument innovation/augmentation, capital mobilization, multiplier effects, and corporate governance.
- The six Supplemental Development Indicators are sustainability, economic diversification, macroeconomic and institutional impacts, corporate social responsibility, human capital improvements, and transfer of technology and knowledge.
- The GNP per Capita Indicator takes into account the host country's level of development and reflects OPIC's priority to steer investment into the poorest countries.

For the sake of consistency and uniformity, the finDIP and XDIP score ranges are the same. Scores range from 0 to 160 and are divided into three possible ratings. A score of 1 to 49 is *Minimally Developmental*, 50 to 99 is *Developmental*, and 100 to 160 is *Highly Developmental*. Projects with a score of 0 are *Not Rated*. In general, OPIC refrains from supporting projects in which the development score falls below 50, unless the project serves a foreign policy priority or another priority of the Agency as determined by the President's office. The tool was implemented in Fiscal Year 2007, and data from the financial services development matrix is presented in the annual Policy Reports.

FY 2012 CHANGES TO THE XDIP AND finDIP

In FY 2012, OPIC will implement revisions to both the XDIP and finDIP matrices in order to:

- Harmonize XDIP and finDIP indicators with other development finance institutions' development impact measures.
- Integrate lessons learned from the application of the development matrix over the last decade.
- Improve customer service by decreasing application completion times and streamline internal processes.

Continuing current practices, the XDIP and finDIP matrices will be utilized to assess, monitor, and evaluate every proposed and operational OPIC project. Incorporating data patterns gathered over the past decade of implementing OPIC's current development impact scoring methodology, the revised matrices will eliminate highly correlated indicators and emphasize data driven indicators with statistically-sound scoring breakpoints that best reflect the agency's mission as a development finance institution.

Spread across five broad categories (Jobs/Human Capacity Building; Demonstration Effect; Host Country Impact; Environmental and Social Impact; Development Reach), these 12 indicators represent more than a 50 percent decrease in the number of indicators utilized in previous XDIP and finDIP versions. This matrix revision process and consequential decrease in indicators has catalyzed a simultaneous agency-wide revision of its forms, which once submitted and approved by OMB, will significantly decrease the amount of time prospective and current OPIC clients spend on paperwork.

As a part of the FY2012 XDIP and finDIP revision, the maximum achievable score will change from 160 to 100 and OPIC internal performance targets will be adjusted to reflect these changes. Established breakpoints in the current XDIP and finDIP that differentiate between a *developmental* and a *highly developmental* rating will be applied to the FY 2012 XDIP and finDIP to reflect the revised scoring system.

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