

**OVERSEAS PRIVATE INVESTMENT CORPORATION
MINUTES OF THE OPEN SESSION OF THE MARCH 17, 2016
BOARD OF DIRECTORS MEETING**

Directors:

Elizabeth L. Littlefield, President & CEO, Overseas Private Investment Corporation, Chair
Gayle Smith, Administrator, U.S. Agency for International Development (*via telephone*)
Christopher Lu, Deputy Secretary, U.S. Department of Labor
Nathan Sheets, Under Secretary for International Affairs, U.S. Department of the Treasury
Maxwell T. Kennedy, Director, Kennedy Enterprises
James M. Demers, President, Demers & Blaisdell, Inc.
Terry Lewis, Principal, LIA Advisors, LLC (*via telephone*)
Roberto R. Herencia, President & CEO, BXM Holdings, Inc.
James A. Torrey, Director, The Torrey Family Office (*via telephone*)

Other Attendees:

Matt Austin, Office of Private Capital & Microenterprise, U.S. Agency for International Development (*via telephone*)
Thomas Fine, Director of Services and Investment, Office of the United States Trade Representative
Michael C. Fuchs, Team Leader, Trade and Project Finance, U.S. Department of Commerce
Marina Best, International Economist, U.S. Department of the Treasury
Dorothy Mayhew, Financial Economist, U.S. Department of State
Erika Hamalainen, Program Manager, International Trade, Office of Management and Budget

OPIC Attendees:

Office of the President

Cameron S. Alford, Chief of Staff

Office of the Chief Financial Officer

Mildred O. Callear, Vice President & Chief Financial Officer
Allan Villabroza, Deputy Vice President and Treasurer

Office of Investment Policy

Margaret L. Kuhlrow, Vice President, Investment Policy
Mary S. Boomgard, Managing Director, Environmental Impact Analysis Group
Lori Leonard, Managing Director, Economic & Development Impact
Tara L. Guelig, Director, Labor and Human Rights

Structured Finance and Insurance Department

Tracey L. Webb, Vice President
Steven Smith, Managing Director
Alexander Hadden, Director
Julia Robbins, Associate

Small and Medium Enterprise Department

James C. Polan, Vice President, Small and Medium Enterprise Finance
Michael Ratliff, Managing Director
Loren Rodwin, Managing Director
Geoff Tan, Managing Director
Mitchell Strauss, Special Advisor
Denise Kutsch, Director
Brian O’Hanlon, Director
Robert Sexton, Director
Darshan Patel, Analyst
Daniel Ford, Presidential Management Fellow

Investment Funds Department

Brooks Preston, Vice President

Office of External Affairs

Judith D. Pryor, Vice President
James W. Morrison, Special Assistant (Congressional and Intergovernmental Affairs)

Legal Affairs Department

Kimberly Heimert, Vice President and General Counsel and Counsel to the Board
Shai Ingber, Assistant General Counsel
Andrea Keller, Assistant General Counsel
Harriette “Rette” Lopp, Assistant General Counsel
Miguel Rubio, Assistant General Counsel
Varsha Trottman, Assistant General Counsel
Catherine F. I. Andrade, Corporate Secretary

Department of Management and Administration

Larry Spinelli, Acting Vice President, Department of Management and Administration and Chief Information Officer

Department of Human Resources Management

Rita Moss, Vice President for Human Resources

MEETING CALLED TO ORDER

Ms. Littlefield called the meeting of the OPIC Board of Directors (“Board”) to order at 2:04 PM. Ms. Littlefield acknowledged the participation by telephone of OPIC Directors James Torrey, Terry Lewis, and Gayle Smith, and OPIC Board nominee Deven Parekh.

A. PRESIDENT’S REPORT

Before presenting her President’s Report, Ms. Littlefield called on Ms. Andrade to report on the outcome of OPIC’s Annual Hearing and Public Hearing in conjunction with the March 17, 2016, Board meeting. Ms. Andrade reported that OPIC published notice of its Annual Hearing and Public Hearing in conjunction with today’s meeting in *The Federal Register*. No requests were received to speak or to submit copy for the record, so neither hearing was held.

Ms. Littlefield presented her President’s Report, a copy of which is incorporated by reference into these minutes as Attachment A.

B. CONFIRMATION

Ms. Littlefield turned to the confirmation of Tracey L. Webb as Vice President of Structured Finance and Insurance. Mr. Herencia moved and Mr. Lu seconded the motion to approve the confirmation, and by a unanimous voice vote the following confirmation was approved.

BE IT RESOLVED, that the President’s appointment of Tracey Webb as Vice President, Structured Finance and Insurance, be and hereby is confirmed.

C. APPROVAL OF MINUTES

Ms. Littlefield turned to the approval of the minutes of the Open Session of the December 10, 2015, Board meeting. Mr. Herencia moved and Mr. Lu seconded the motion to approve the minutes, and by a unanimous voice vote the minutes were approved.

Ms. Littlefield closed the meeting to the public at 2:23 PM.

Respectfully submitted,

Catherine F. I. Andrade
Corporate Secretary

TRANSCRIPT OF PRESIDENT'S REPORT

Elizabeth L. Littlefield
President and Chief Executive Officer
March 17, 2016

Good afternoon Board Members,

The past year was a big year for building a global consensus on overarching development challenges. The Financing for Development agenda, the Sustainable Development Goals (SDGs), and the recent Paris Climate Agreement at COP 21 were all concluded in 2015. This new consensus coalesces tremendous energy, yet it also begs two questions. Who will accomplish these goals? And where will the money come from?

Respected institutions have tallied up the cost of addressing these crucial, non-negotiable development challenges—particularly the global, transnational problems—that the world has agreed to work on in the years ahead. The price tag is roughly \$100 trillion. This number includes the cost of achieving the SDGs, implementation of the Paris Climate Agreement and the cost of rebuilding three post-conflict nations (Syria, Iraq, and Afghanistan). That is clearly beyond the reach of any government or of all governments of developed economies combined, especially a time of slow economic growth and structural deficits in donor nations.

Compare that \$100 trillion need to global aid flows from all countries, which is only \$135 billion per year. The numbers are not fully comparable, but we see that global aid is not even one percent of the \$100 trillion that is needed. Clearly, private capital, both domestic and international, is going to play by far the largest role in bridging that huge financing gap. And it can.

In the past two decades, private capital has not only grown by leaps and bounds – from a small fraction of overseas development assistance (ODA) to seven times aid flows – it has also flowed to sectors that were previously the exclusive domain of governments and donors. Think power generation, transportation, financial services, water and sanitation, among others. More recently, financially sustainable business models in education and health care have sprung forth. A number of OPIC projects are a great example of this new trend.

Yet we know from experience that, in many cases, private investors and businesses will not invest in these new sectors and frontier markets without some help from the public sector – to pave the way, to reduce risk, to provide finance. So, in parallel with the sharp growth of foreign direct investment, the development finance institutions (DFIs), such as OPIC, that serve those private investors – catalyzing and supporting them – have been quietly growing apace.

In 2002, DFIs and the private sector non-concessional parts of the multilaterals were investing approximately \$10 billion a year. By 2014, DFI investment had reached \$70 billion per annum – not counting the accompanying private capital that DFIs mobilize and not including the private

sector parts of the China Development Bank. When I shared this \$70 billion figure with the heads of our fellow DFIs in Europe, they were amazed.

As our DFI identity and community is just now coming together and has limited research and communications capacity, no one had tallied up the numbers and realized that the capital that DFIs are contributing annually to development was already more than half of global ODA.

This means that while ODA absolutely needs to grow to address the most difficult global problems, so too does the DFI piece in order to enable the private investors to take on whatever challenges can be addressed with a commercially viable, self-financing business model. And the complementarities of aid (with its grant instrument) and DFIs (with commercial finance instruments) are powerful and promising. Witness the dramatic increase in the recent years of our partnership with USAID in the most difficult markets like West Bank, Afghanistan, Jordan and Tunisia.

The other DFI heads with whom we now collaborate have also been interested in what the think-tank and academic community in the U.S. has been writing about OPIC, its role and its need for enhanced flexibilities, authorities, and resources. They have asked OPIC to advise and join with them on a new global joint research project on the crucial role of DFIs in achieving the SDGs, climate solutions, and other challenges.

While all DFIs have grown strongly, OPIC's own growth and focus on projects in highest impact sectors has been even sharper than the rest of the DFI community. Since 2009, we have seen remarkable improvement in our impact:

- Our total portfolio of commitments is up nearly 60 percent to a record level of \$20 billion.
- Our Africa portfolio is up 250 percent to a full quarter of our total portfolio.
- Our renewables portfolio is up almost 10-fold and has stayed steady at a prudent one-third of our commitments.
- And our portfolio in conflict-affected countries is up nearly 70 percent, something that is much appreciated by the national security community in the Administration, the influencers, and the Hill.

As noted, much of this work was only made possible by our good friends at USAID, along with the support of the State Department.

At the same time, we have focused intensively on strengthening the infrastructure of the Agency and improving efficiency for long-term effectiveness. As the Board knows, we have been building Enterprise Risk Management systems and robust Management Information Systems. We have automated, consolidated, modernized, and streamlined systems and processes in every corner and facet of the Agency. We are deepening and systematizing our ability to analyze risk and to capture learning from our historical portfolio performance.

Alongside, we have introduced more than a dozen new windows and products to be responsive to market and client needs, and to maximize impact. These include several initiatives to address early-stage financing needs (IFIP, PI, and ACEF). And OPIC's staff-led, all-volunteer Innovation Teams are building on this work to strengthen, improve and innovate even more.

When we have better, more timely, and accurate information, we can take more informed risk and more risk. And we are more efficient. Since 2009, as measured by operating budget, our efficiency at deficit reduction has gone up more than 40 percent. Every dollar put into our operating budget now regularly generates seven to eight dollars back to the Treasury.

Of course, the purpose of all this is to maximize our development impact. You know about our tremendous 2015 development results: like the fact that our 2015 commitments are projected to create nearly 20,000 permanent jobs in developing countries and many thousands more temporary jobs. A team from our Front Office, Office of Investment Policy, and Office of External Affairs has also recently undertaken an effort to tell the story of our development impact even more sharply. Thanks to this effort we can now say that:

- Agriculture partners we support are sustaining livelihoods for nearly 1 million small holder farmers and our SME & microfinance clients are providing access to financial services to 10 million low income clients.
- Our healthcare projects are treating patients at a rate of more than 7 million patient visits per year – in both small clinics and large hospitals.
- Our education projects are educating more than 120,000 students in primary and secondary schools, and more than 25,000 students in higher education.
- Our housing projects have provided more than 200,000 home mortgages, the majority of which are first-time homeowners.

Looking ahead, it's going to be a busy year. While I have tried to keep my travel to a minimum as my most important work is often in this building and in this town, I have quite a few trips coming up. I will be leading an investor trip – which will include nine CEOs of corporations such as Marriott, Bechtel, Contour Global, and private equity firms like TPG – to Abidjan and Dakar next week. A second trip to Africa, a post-Ebola focused trip, will take place later this summer. I will also be making a business development trip to Asia to help our team in Bangkok raise our profile and build our portfolio there. Of course, our work here telling the OPIC story, raising awareness about the role of the private sector in development, and strengthening the bones and architecture of the Agency will continue this year – as will our efforts to identify and roll out innovations, new products, and capabilities.

As you've heard me say before, OPIC's time is now. OPIC's role has never been better defined and the need for our work in international development has never been clearer. There is a staggering need for capital flows to developing markets to solve crucial development challenges such as resource scarcity, the needs of a growing middle-class, climate change, and joblessness.

And that capital won't do the job, or do it as sustainably and effectively, without organizations such as OPIC. OPIC will be there, sharing our best-in-class talent, efficiency, innovation, and standards.

In closing, I want to thank you, our Board of Directors, for the thoughtful guidance you provide, the serious consideration you give to our projects, the unwavering support you offer the Agency and its staff, and your commitment to your service. We feel very well served by you and your terrific liaisons.

Last, I thank the world-class staff we have in this room for their leadership, their creativity and their hard work, and for all that I learn from them every day. The OPIC teams are still the most determined, smart, hard-working, and solution-focused teams that I have ever had the pleasure to work with. I look forward to what 2016 will bring for the Agency and for the millions of people around the world that are positively impacted by our work. Thank you.

This concludes my President's report.