

Final Report of the
OVERSEAS PRIVATE INVESTMENT CORPORATION

ANNUAL REPORT

FISCAL YEAR 2020



Submitted Pursuant to
Section 240A of the
Foreign Assistance Act of 1961,
As Amended

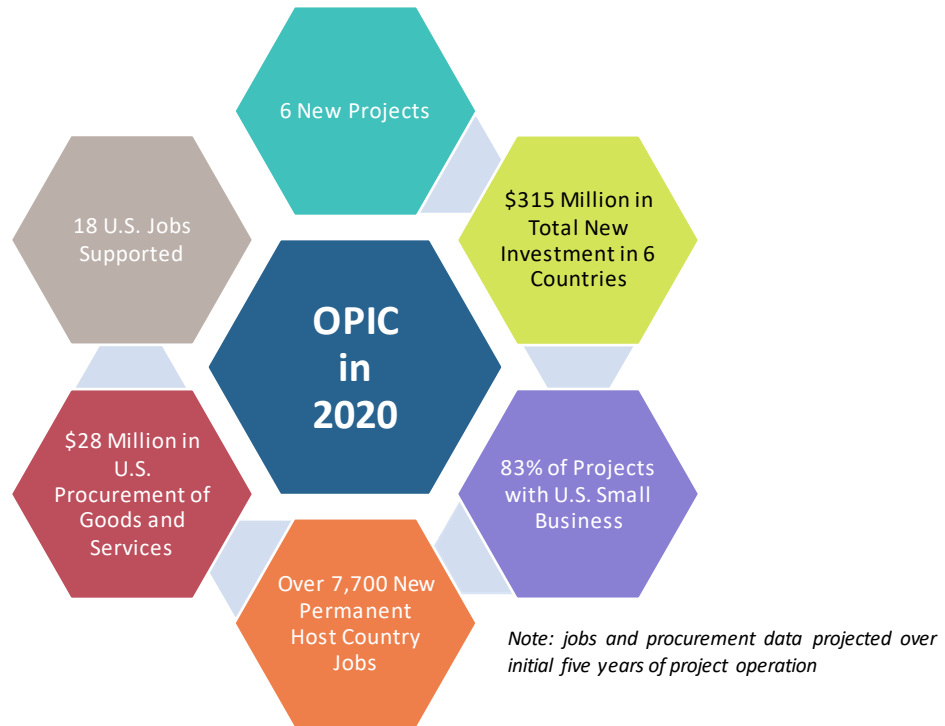
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DEVELOPMENT IMPACT OVERVIEW

This is the final report of OPIC which summarizes the projected impact of six projects supported by OPIC between October 1, 2019 and January 1, 2020, prior to the official transition to the U.S. Development Finance Corporation.^{1,2}



The six projects that OPIC supported in Fiscal Year 2020 were in the renewable energy, financial services, manufacturing, information technology, oil and gas, and construction sectors, and spanned four geographic regions: Africa, Asia, Central America and the Middle East. The projects are expected to have the following impacts by their fifth year of operations:

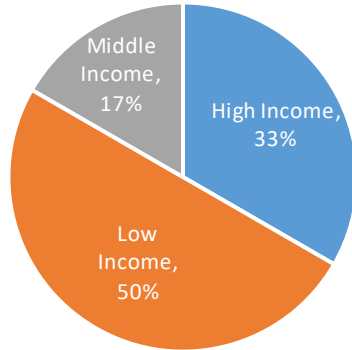
- Bring a total of \$315million in new investment to six emerging market economies
- Support over 7,750 new permanent host country jobs over the next five years
 - Over 4,000 managerial and professional/technical jobs
 - Over 3,600 unskilled jobs
- Provide access to energy to over 160,000 households, 100% of which is renewable
- Serve approximately 42,000 low-income customers, including microenterprises
- Benefit approximately 16,500 women, or woman-owned/led businesses by providing them access to financial services or purchasing goods or services from them through supply chains
- Increase access to the internet to over 1 million clients

¹ See DFC’s Annual Report at DFC’s website (<https://www.dfc.gov/who-we-are/transparency-and-accountability>) for reporting on DFC supported projects originated between January and September 2020.

² A comprehensive list of both OPIC’s and DFC’s active projects can be accessed by visiting DFC’s website at <https://www.dfc.gov/who-we-are/transparency-and-accountability> (note: list includes investment fund commitments and does not include investment fund subprojects.)

- Benefit low- and middle-income countries and fragile states (67%)³, spanning four regions: .

FY2020 Projects by OPIC Country Income Level



FY2020 Projects by Region

Region	Number of Projects
Africa	2
Asia	1
Central America	2
Middle East	1
Total	6

SUPPORTING THE U.S. ECONOMY AND BUSINESSES

While OPIC projects support economic growth and job creation in the host countries, many projects also have a positive impact on the U.S. economy. OPIC carefully screened each new project to ensure that it would not have a negative effect on the U.S. economy or result in the loss of U.S. jobs, and evaluated the potential for positive impacts on U.S. exports and jobs over a five-year period.⁴

In 2020, new OPIC projects are expected to generate over \$28 million⁵ in U.S. exports during the construction phase and over the first five years of operation, supporting 18 U.S. jobs. Five of the six newly-supported projects involved a U.S. small business.⁶ One project involved a U.S. woman-owned business and one involved a U.S. minority-owned business.⁷

U.S. small businesses	New Projects in 2020
Total	5
Woman-owned	1
Minority-owned	1

³ Foreign Assistance Act of 1961 § 231(2) (2006).

⁴ See Exhibit 1, 2, and 3 for more detail on projects’ impact on U.S. jobs and Exhibit 4 for information on OPIC’s U.S employment calculation model.

⁵ One OPIC-supported project represented the majority of the estimated U.S. procurement in FY2020.

⁶ Per Small Business Administration, a U.S. small business is defined as: 1) an enterprise with revenues of less or equal to \$500 million or less or equal to 500 employees or 2) an individual with net worth less than \$100 million; the value reported above includes U.S.-based fund managers.

⁷ To be classified as a U.S. woman-owned business, the business must be at least 51% controlled by one or more women, who are U.S. citizens. To be classified as minority-owned business, the business must be

Many OPIC projects provide opportunities for U.S. small businesses to sell their products and services abroad. The six new 2020 projects are expected to procure over \$16,000 per year over the next five years from three small businesses located in three U.S. states.

OPIC’s Internal Procurement Activities

OPIC demonstrated a deep commitment to expanding opportunity to and participation of small businesses in the Corporation’s procurement activities. OPIC data on small business performance goals, along with Federal agency contracting data, was reported via the Federal Procurement Data System - Next Generation (FPDS-NG) at www.fpds.gov.

OPIC small business performance has outpaced government-wide activity every year for the last three years, and OPIC continues to push its achievement

Vendor	OPIC	U.S. Government
U.S. small business	54%	25%
U.S. women-owned business	2%	5%
U.S. disadvantaged business ⁸	2%	10%

towards these strategic goals. Through contracting and outreach activities as part of OPIC’s 2X initiative, OPIC has substantively contributed to empowering women to spur economic growth and advanced entrepreneurship to support underrepresented American businesses.

SOCIAL ASSESSMENT: LABOR AND HUMAN RIGHTS

Project Screening and Assessment

OPIC implements policies consistent with its statutory requirements related to social risk identification and management, including respect for human rights and the rights of workers. OPIC screens all potential projects for eligibility based on labor and human rights criteria.⁹ If a potential project is not categorically prohibited, it undergoes a full review for social risks.

None of these six projects were classified as “Special Consideration”. This designation reflects that a potential project has heightened social risks. Special Consideration designations reflect heightened potential for adverse project-related risks to the workforce as well as potentially affected people. Projects with significant adverse social impacts or those being developed in regions with recent conflict, compromised regulatory systems, or the presence of vulnerable groups such as large numbers of contracted workers or

owned or controlled by someone from the following group: African Americans, Hispanic Americans, Native Americans, Alaska Native Corporations, Indian Tribes, Native Hawaiian Organizations and Community Development Corporations, Asian Pacific Americans, and Subcontinent Asian Americans; individuals who are not members of one or more of these groups can be considered minority, but they must provide substantial evidence and documentation that demonstrates that they have been subjected to bias or discrimination and are economically disadvantaged.

⁸ Per Small Business Administration, a U.S. small disadvantaged business must be at least 51% owned and controlled by a socially and economically disadvantaged individual or individuals including African Americans, Hispanic Americans, Asian Pacific Americans, Subcontinent Asian Americans and Native Americans; other individuals can qualify if they show by a preponderance of the evidence that they are disadvantaged. All individuals must have a net worth of less than \$750,000, excluding the equity of the business and primary residence.

⁹ Country eligibility for OPIC-supported projects based on labor-related statutory obligations is found in Exhibit 5 of this report and also in Chapter 9 of the OPIC Environmental and Social Policy Statement, available on OPIC’s website.

Indigenous Peoples may qualify for Special Consideration. This designation requires additional oversight in the form of an independent audit, a project site visit, and annual reporting for projects with a heightened potential for social risks, including labor or human rights violations.

OPIC subjects every potential project to a human rights review process to ensure all OPIC-supported projects meet the statutory requirements of the Foreign Assistance Act. OPIC consults with the U.S. Department of State Bureau for Democracy, Human Rights, and Labor (DRL) on this review to ensure consistency between OPIC and DRL regarding relevant human rights matters in OPIC eligible countries.

OPIC uses its social assessment to evaluate the potential risks to workers at the project or to other people or groups potentially impacted by project activities, and to identify means to improve the project by preventing and minimizing such risks as a condition of OPIC support. The process includes the following:

- ✓ Identification of potential risks to project-affected people, including individuals, workers, groups or local communities
- ✓ Comparison of the project's expected performance in relation to internationally-accepted standards and practices
- ✓ Evaluation or design of project requirements necessary to enable OPIC support
- ✓ Evaluation or design of associated management and monitoring measures

Rejected Transactions

OPIC works diligently to ensure that its policies regarding social risks, including those concerning labor rights and human rights, are well understood. Before formal applications are submitted, OPIC advises potential clients on projects that are potentially problematic from a social perspective. As a result, OPIC did not have to reject any applications for finance or insurance on social grounds between October 1, 2019 and January 1, 2020.

ENVIRONMENTAL, HEALTH, AND SAFETY

Project Screening and Assessment

OPIC screens all potential projects to identify the risk of adverse environmental, health or safety impacts, and to identify project impacts that could preclude OPIC support. For a project determined to be categorically ineligible,¹⁰ OPIC immediately informs the applicant to avoid unnecessary effort or expense on their part. If the project is eligible, OPIC categorizes the project to determine the requirements for documentation, disclosure, consultation, reporting and post-commitment monitoring. Projects may be categorized as A, B, C, or D depending on their potential risks and impacts.

Category A projects present the greatest potential for adverse environmental and/or social impacts, whereas Category C projects represent the least potential for adverse impact. Category D is reserved for certain projects involving financial intermediaries that make investments in or provide financing to projects or enterprises engaged in activities within Categories A, B or C ("Subprojects"). OPIC screens, reviews, and provides prior written consent to Subprojects on the basis of potential environmental and social risks.

In 2020, one of the six projects OPIC committed to support was screened as Category A, which has the potential for significant adverse environmental and/or social impacts without adequate mitigation

¹⁰ Certain categories of projects have potential adverse environmental or social impacts that preclude the project from receiving OPIC support. Projects in these prohibited categories are listed in Appendix B of OPIC's Environmental and Social Policy Statement.

measures. Given these risks, OPIC requires all Category A projects to have a full environmental and social impact assessment (ESIA).

Rejected Transactions

OPIC works diligently to ensure that its policies regarding environmental, health and safety are well understood upfront.

1. Before formal applications are submitted, OPIC endeavors to advise clients regarding project plans that could be problematic from an environmental, health or safety perspective
2. In some cases, clients are able to modify projects to mitigate risks appropriately.
3. In other cases, they may withdraw the request for OPIC support.

As a result, OPIC did not need to reject any applications for finance or insurance on environmental, health or safety grounds, in 2020.

Compliance with OPIC Conditions and Covenants

Social Assessment

Social assessment monitoring activities focused on 18 projects with the potential for greatest social risk.¹¹ During site monitoring, two projects were found to be out of compliance with OPIC's covenant regarding labor conditions and social risk management. For these two projects, OPIC developed a corrective action plan to address the areas of non-compliance. Non-compliances were primarily associated with working conditions and ensuring appropriate compensation for land affected by project activities.

Environment, Health and Safety

The Environmental group focused on projects with the greatest environmental, health or safety risks. The environmental group monitored 23 projects in 2020.¹² Eight of these projects were Category A and 15 were Category B. OPIC (now DFC) is working with the project sponsors of seven of the monitored projects to bridge gaps in the action plans.

Development Impact

DFC did not conduct any on-site evaluations for OPIC supported projects for development impact in 2020 due to COVID-19 travel restrictions.

¹¹ Three projects were monitored twice in 2020.

¹² Two projects were monitored twice in 2020.

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Exhibit 1: U.S. Employment and Associated Effects of OPIC-Supported Projects¹³

FY 2020 (Projections)

Employment and associated effects are aggregated over first five years of project operation

Sector ¹⁴	Number of Projects	Final Destination of Project Output			U.S. Procurement	Effect on U.S. Employment	Effect on U.S. Trade Balance
		Host Country	U.S.	3rd Country			
<u>Projects with Positive Effect on Employment¹⁵</u>							
Multiple ¹⁶	1	\$87,600,000	\$0	\$0	\$28,300,000	18	\$28,300,000
Positive Subtotal	1	\$87,600,000	\$0	\$0	\$28,300,000	18	\$28,300,000
<u>Projects with Neutral Effect on Employment¹⁷</u>							
MSME & Energy	2	\$64,557,105	\$0	\$0	\$0	0	\$0
Mining/Oil and Gas & Construction	2	\$1,005,967,880	\$0	\$0	\$0	0	\$0
Multiple ¹⁸	1	\$0	\$19,000,000	\$0	\$110,000	0	-\$18,890,000
Neutral Subtotal	5	\$1,070,524,985	\$19,000,000	\$0	\$110,000	0	-\$18,890,000
<u>Projects with Negative Effect on Employment¹⁹</u>							
Negative Subtotal	0	\$0	\$0	\$0	\$0	0	\$0
Grand Total (All Projects)	6	\$1,158,124,985	\$19,000,000	\$0	\$28,410,000	18	\$9,410,000

¹³ Foreign Assistance Act of 1961 (P.L.87-195), Sec. 240A(2)(b)

¹⁴ OPIC-supported projects were classified using the North American Industry Classification System (NAICS). The NAICS categories were distilled into the categories shown above.

¹⁵ "Positive" effect on U.S. employment includes projects with more than two jobs (greater than ten person-years of employment during the first five years of project operation).

¹⁶ To maintain confidentiality, the project with positive effects on US employment is classified as "Multiple".

¹⁷ "Neutral" effect on U.S. employment includes projects with two or fewer jobs (ten person-years or fewer of employment during the first five years of project operation).

¹⁸ To maintain confidentiality, one project with neutral effects on US employment is classified as "Multiple".

¹⁹ No OPIC-supported projects in 2020 expect loss of U.S. employment.

Exhibit 2: Destination of Sales to Third-Party Markets

FY 2020 (Projections)*

Third party annual sales aggregated over first five years of project operation

Country	Third-Party Sales²⁰
<u>Projects with Positive Effect on Employment²¹</u>	
Positive Subtotal	\$0
<u>Projects with Neutral Effect on Employment²²</u>	
Neutral Subtotal	\$0
<u>Projects with Negative Effect on Employment²³</u>	
Negative Subtotal	\$0
Grand Total (All Projects)	\$0

²⁰ "Third party" refers to countries that are neither the U.S. nor the host country.

²¹ No projects that expect to have positive effects on U.S. employment involve sales to Third Party Destinations. "Positive" effect on U.S. employment includes projects with more than two jobs (greater than ten person-years of employment during the first five years of project operation).

²² No projects that expect to have neutral effects on U.S. employment involve sales to Third Party Destinations. "Neutral" effect on U.S. employment includes projects with two or fewer jobs (ten person-years or fewer of employment during the first five years of project operation).

²³ No OPIC-supported projects in 2020 expect to result in the loss of U.S. employment.

Exhibit 3: U.S. Employment Effects and Project Location²⁴

In 2020, OPIC supported six new projects in six countries and four regions, across the globe²⁵.

Of the six new projects committed, one expects to have a positive impact²⁶ on U.S. jobs:

- The project is located in Asia (the sector and country location are undisclosed to protect business confidentiality).

Of the six new projects committed, five expect to have a neutral impact²⁷ on U.S. jobs:

- Two in Africa: Kenya and Uganda (MSME and Manufacturing)
- Two in Central America: Mexico and Panama (MSME and Construction)
- One in Middle East and North Africa: Iraq (the sector is undisclosed to protect business confidentiality.)

Of the six new projects committed, zero expect to have a negative impact²⁸ on U.S. jobs.

The six new projects were in the following geographic regions:

- Two in Africa: all expecting neutral U.S. job impact
- Two in Central America: all expecting neutral U.S. job impact
- One in Asia: one expecting positive U.S. job impact
- One in Middle East and North Africa: all expecting neutral U.S. job impact

²⁴ Foreign Assistance Act of 1961 (P.L. 87-195), Sec. 240A(2)(b)

²⁵ In 2020, 6 new OPIC-supported projects were classified using the North American Industry Classification System (NAICS). The NAICS categories were distilled into the categories shown above.

²⁶ "Positive" effect on U.S. employment includes projects with more than two jobs (greater than 10 person-years of employment during the first five years of project operation).

²⁷ "Neutral" effect on U.S. employment includes projects with two or fewer jobs (10 person-years or fewer of employment during the first five years of project operation).

²⁸ No OPIC-supported projects in 2020 expect the loss of U.S. employment.

Exhibit 4: Methodology for Calculating U.S. Employment Effects

Each project seeking OPIC support is individually reviewed to estimate the potential impact on employment in the United States. OPIC uses procurement estimates provided by the investor to calculate expected initial and operational procurement from the United States (by value and specific type of good or service). The U.S. employment figure is generated by estimating a project's initial procurement, as well as its five-year operational procurement of goods and services. OPIC considers both the *direct and indirect* employment necessary to produce those goods and services. Therefore, the employment effects incorporate the direct employment necessary to produce the procured goods and services, as well as the indirect employment required to produce the associated intermediate inputs.

OPIC details each type of U.S. good or service expected to be procured for each project and, using industry-specific data from the U.S. Bureau of Labor Statistics (BLS), calculates the employment effect in that industrial sector as well as, in the sectors that supply necessary components or inputs. By using this standard employment effect methodology, OPIC is able to ascertain employment generation with greater precision than if it used an average for all U.S. exports. By including indirect effects, OPIC's employment figures present a more accurate picture of the benefits accruing to U.S. workers from the anticipated procurement of goods and services by OPIC-supported projects. Finally, to confirm employment effect estimates, OPIC monitors *actual* economic effects after project start-up and throughout the life of OPIC's involvement with the project. OPIC's monitoring is described in further detail in the Monitoring section of this report.

Exhibit 5: Country Eligibility

OPIC’s Environmental and Social Policy Statement outlines OPIC’s policies on country eligibility for OPIC-supported projects based on labor-related statutory obligations. To maintain consistency across the U.S. Government, where available, OPIC follows the worker rights determinations made by the President of the United States for the purpose of the Generalized System of Preferences (GSP) program, a trade benefits program overseen by the Office of the U.S. Trade Representative (USTR) that also requires beneficiary countries to take steps towards Internationally Recognized Worker Rights. Between October 1, 2019 and January 1, 2020, no additional countries lost their GSP or OPIC benefits on worker rights grounds.

Countries in which OPIC does not operate due to labor and/or human rights issues	
Bangladesh	GSP status suspended as a result of workers’ rights petitions, 8/2013
Belarus	Lost GSP eligibility on workers’ rights grounds, 9/11/2000
Qatar	Non – GSP, lost OPIC eligibility through direct petition ²⁹ , 1995
Saudi Arabia	Non – GSP, lost OPIC eligibility through direct petition, 1995
Sudan	Lost GSP eligibility on workers’ rights grounds, 7/1/1991
Syria	GSP suspended due to workers’ rights issues, 8/14/1992
UAE	Non – GSP, lost OPIC eligibility through direct petition, 1995
China	Non – GSP, lost OPIC eligibility on human rights grounds, 1990

²⁹ <https://www.export.gov/article?id=Qatar-Project-Financing>

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Exhibit 6: OPIC Projects Monitored by the Office of Development Policy in 2020

#	Project Name	Country, Region, or Territory	Environment	Social Assessment
1	Admiral Hospital	Nigeria	√	
2	Alto Maipo	Chile	√ (virtual)	√ (virtual)
3	Avenue Group	Kenya	√	√
4	Be Well Hospitals	India	√	√
5	Bergbron	South Africa	√	
6	Care Hospitals	India	√	√
7	Centurion	South Africa	√	
8	Compagnie des Bauxite de Guinee	Guinea	√ (virtual)	√ (virtual)*
9	Crookes Brothers	Africa Regional		√
10	EDP	El Salvador	√ (virtual)	√ (virtual)*
11	Eurocape	Ukraine	√ (virtual)	
12	Golden Lay	Zambia	√	√
13	Heavens Holding	Uganda	√	√
14	Lekela Wind	Egypt	√*	
15	Metropolitan Group	Kenya	√	√
16	Nairobi Women's Hospital	Kenya	√	√
17	Quinto de Bela Vistus	Mozambique	√	√
18	Rumichaca Toll Road	Colombia	√ (virtual)*	√ (virtual)*
19	Sanergy	Kenya	√	√
20	Sante Hospital	Nigeria	√	
21	Silverlands Vineyards	Namibia		√
22	Somerset Indus Healthcare	India	√	√
23	Stanley Park	South Africa	√	
24	Taiba	Senegal		√ (virtual)
25	Te Power	Guinea	√ (virtual)	√ (virtual)
26	Tirong Estates	South Africa	√	
Total Projects			23	18

* Indicates project was monitored twice in 2020.

Exhibit 7: OPIC Projects Monitored for Environmental Impact and Social Evaluation in 2020

#	Project Name	Country, Region, or Territory	Environmental/Social Performance
1	Admiral Hospital	Nigeria	Environmental performance were inconsistent with contract conditions.
2	Alto Maipo	Chile	Environmental and Social performances were inconsistent with contract conditions.
3	Avenue Group	Kenya	Environmental performance were inconsistent with contract conditions. Social performance were consistent with contract conditions
4	Be Well Hospitals	India	Environmental and Social performances were consistent with contract conditions.
5	Bergbron	South Africa	Environmental performance were inconsistent with contract conditions.
6	Care Hospitals	India	Environmental performance were inconsistent with contract conditions. Social performance were consistent with contract conditions
7	Centurion	South Africa	Environmental performance were consistent with contract conditions.
8	Compagnie des Bauxite de Guinee	Guinea	Environmental and Social performances were inconsistent with contract conditions.
9	Crookes Brothers	Africa Regional	Social performance were consistent with contract conditions.
10	EDP	El Salvador	Environmental and Social performances were consistent with contract conditions.
11	Eurocape	Ukraine	Environmental performance were consistent with contract conditions.
12	Golden Lay	Zambia	Environmental and Social performances were consistent with contract conditions.
13	Heavens Holding	Uganda	Environmental and Social performances were consistent with contract conditions.
14	Lekela Wind	Egypt	Environmental performance were consistent with contract conditions
15	Metropolitan Group	Kenya	Environmental performance were inconsistent with contract conditions. Social performance were consistent with contract conditions
16	Nairobi Women's Hospital	Kenya	Environmental performance were inconsistent with contract conditions. Social performance were consistent with contract conditions
17	Quinto de Bela Vistus	Mozambique	Environmental and Social performances were consistent with contract conditions
18	Rumichaca Toll Road	Colombia	Environmental performance were consistent with contract conditions. Social performance were inconsistent with contract conditions
19	Sanergy	Kenya	Environmental and Social performances were consistent with contract conditions
20	Sante Hospital	Nigeria	Environmental performance were inconsistent with contract conditions. Social performance is consistent with contract conditions

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21	Silverlands Vineyards	Namibia	Social performance were consistent with contract conditions
22	Somerset Indus Healthcare	India	Environmental and Social performances were consistent with contract conditions.
23	Stanley Park	South Africa	Environmental performance were consistent with contract conditions.
24	Taiba	Senegal	Social performance were consistent with contract conditions.
25	Te Power	Guinea	Environmental and Social performances were consistent with contract conditions.
26	Tirong Estates	South Africa	Environmental and Social performances were consistent with contract conditions