

Report of the
OVERSEAS PRIVATE INVESTMENT CORPORATION

ANNUAL REPORT
ON DEVELOPMENT IMPACT

FISCAL YEAR 2018



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

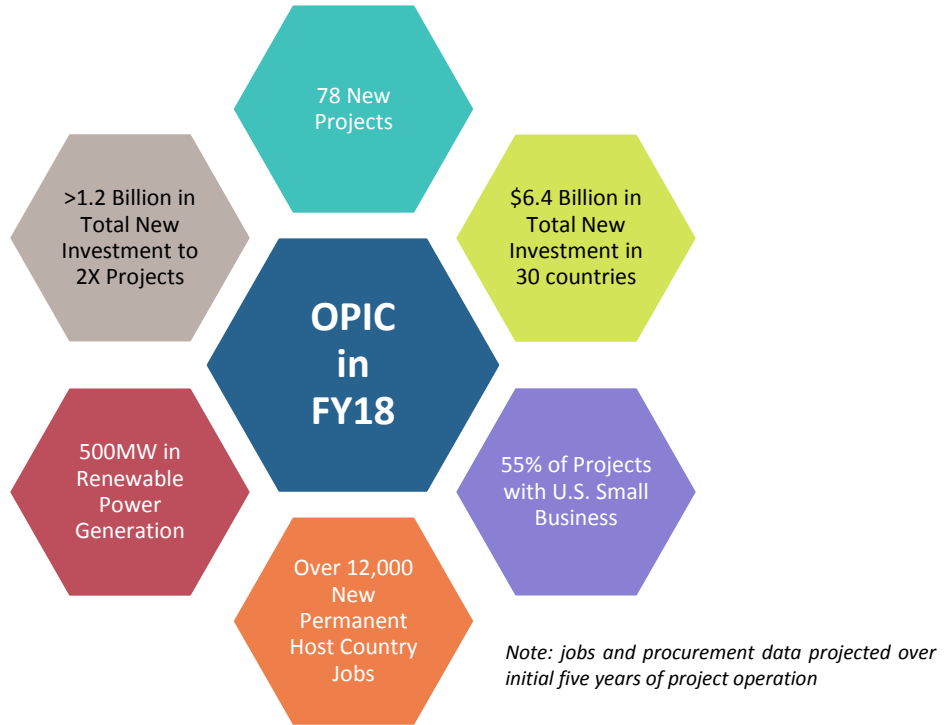
October 2019

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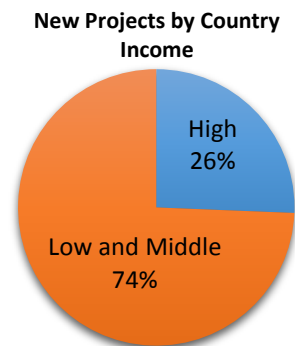
DEVELOPMENT IMPACT OVERVIEW

OPIC is the U.S. Government’s development finance institution with the mission to mobilize private capital to help address critical development challenges around the world. OPIC’s tools include direct loans, loan guarantees, political risk insurance, and senior debt financing for emerging market private equity funds.¹ This report summarizes the projected impact of the new projects committed in 2018.²



The seventy-eight new projects that OPIC committed in 2018 are expected to:

- Bring a total of \$6.4 billion in new investment to thirty developing and emerging markets
- Create over 12,200 new permanent host country jobs over the next five years
 - Over 5,000 managerial and professional/technical jobs
 - Over 7,200 unskilled jobs
- Generate nearly 500 MW in power, 100% of which is renewable
- Serve approximately 800,000 micro-, small-, and medium-sized enterprises, most of which are woman-owned or -managed businesses
- Support approximately 19,000 mortgages, of which over 25% will be to women borrowers
- Benefit low- and middle-income countries (74%)



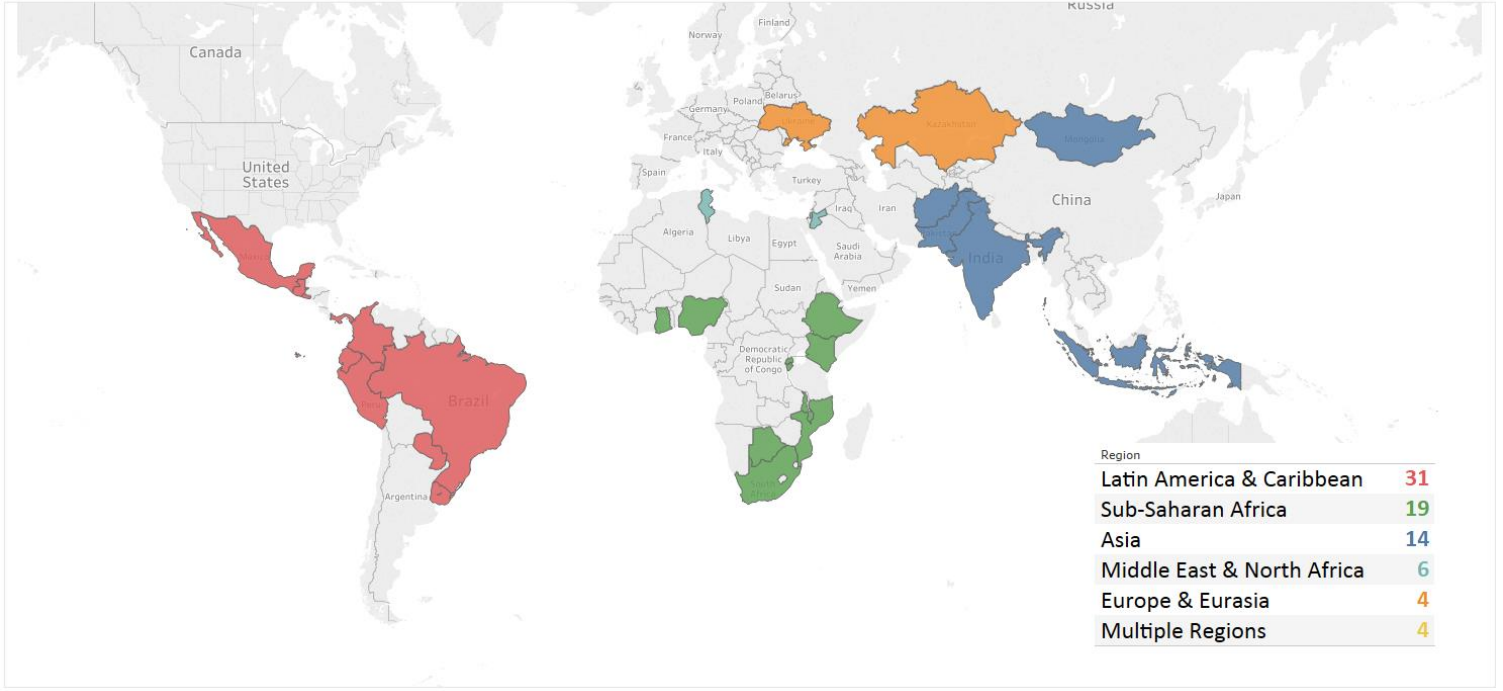
¹ OPIC currently supports over forty equity funds that invest in growing companies operating in OPIC-eligible countries around the world.

² The 2018 reporting period covers fiscal year 2018 (October 1, 2017 to September 30, 2018). A comprehensive list of OPIC’s active projects can be accessed by visiting OPIC’s publicly-available transparency webpage at <https://www.opic.gov/content/opic-data> (note: list includes investment fund commitments and does not include investment fund subprojects.)

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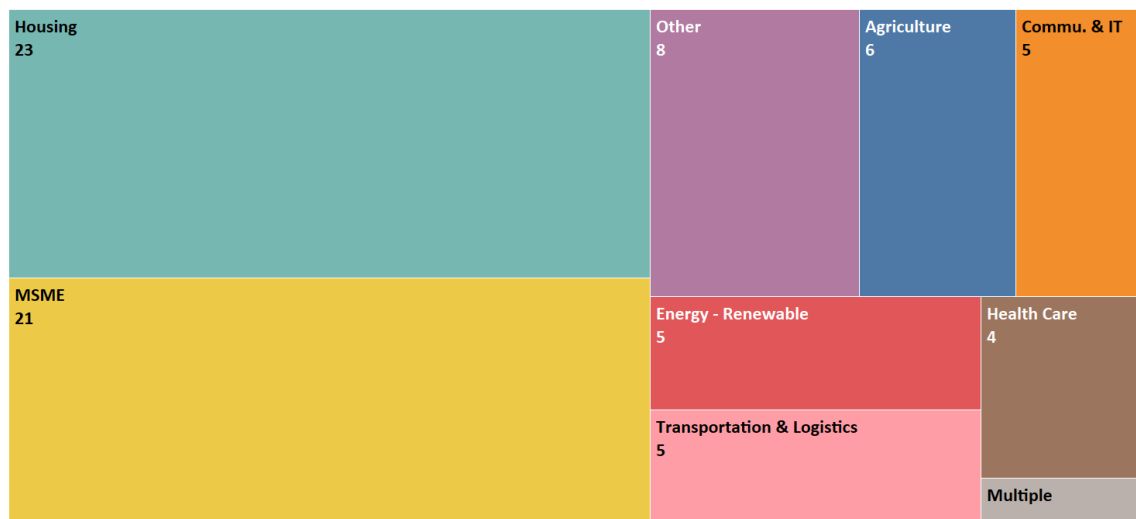
Latin America and the Caribbean comprised the largest share of new projects, followed by sub-Saharan Africa and Asia. Fifty-eight of the 78 new projects, or 74 percent, were committed in low- and middle-income countries.

New Projects - Country and Region Breakdown



Projects in the financial services and infrastructure sectors accounted for the largest share of OPIC projects. Over three-quarters of the financial services projects support micro-, small-, and medium-sized enterprise (MSME) lending. OPIC’s infrastructure projects included renewable energy, transportation, and health care, as well as logistics. The newly-committed energy projects expect to generate over 500MW using renewable energy sources.

New Projects - Sector Breakdown

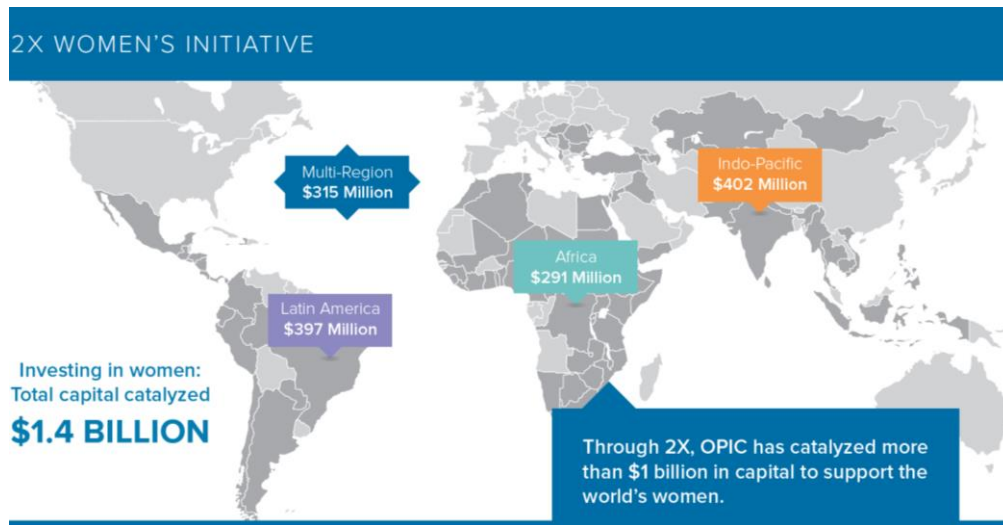


Women's Economic Empowerment

The world's fastest growing emerging market is not a country or a region; it is the world's women. OPIC launched the 2X Women's Initiative during Women's History Month in March 2018, committing to catalyze \$1 billion to invest in women in developing countries. By year end, OPIC surpassed the initial target by approximately \$400 million.

The U.S., the U.K., Canada, France, Italy, Japan and Germany later established the 2X Challenge, committing to mobilize \$3 billion to economically empower women across the developing world.

In addition to mobilizing investment in projects that directly benefit women, OPIC is applying a gender lens to all the projects it considers to help ensure women will benefit while also making better investment decisions.



Investing in the World's Women

An OPIC loan is helping WaterHealth India install hundreds of water purification plants selling clean water at a fraction of the cost of bottled water. The project will improve the health and quality of life for millions of Indians, particularly women who typically have the primary responsibility of obtaining water for the family.

Another OPIC loan is helping Twiga Foods Ltd. supply fresh produce from Kenyan farmers and deliver it to urban vendors, the majority of whom are women, helping them increase their sales and profits.

OPIC financing and political risk insurance is helping SunFunder lend to emerging market off-grid solar businesses to meet their working capital, construction, inventory finance, and structured finance needs.

Connect Africa

Investing in Africa is a longstanding OPIC priority and accounts for more than one-quarter of OPIC's global portfolio. The continent presents both a great need for investment in development and a significant opportunity for investors. In 2018, OPIC worked to extend its investment on the continent, making official visits to ten countries to explore new projects.

OPIC's new Connect Africa initiative will invest \$1 billion over three years to projects that will foster economic growth and better connectivity with global economies. Connect Africa will focus investment in telecommunications and internet access; value chains that connect producers of raw materials with end users; and essential infrastructure, such as roads, railways, ports and airports.

Expanding food production in Malawi

Through its partnership with Global Communities, OPIC is working to expand food production in Malawi by providing loans and technical support to small agribusinesses.



Bolstering a major industry in Botswana

OPIC has helped create hundreds of new jobs in Botswana's domestic diamond industry by investing in a diamond cutting and polishing facility that has kept value-added functions such as sorting, marketing and manufacturing in the country.

Adding electricity across the continent

OPIC is a key partner in the U.S. Government's Power Africa initiative to harness the resources of the private sector to bring more electricity to Sub Saharan Africa. To date, OPIC has supported construction of 20 utility-scale power plants and off-grid renewable power projects in Ghana, Guinea, Kenya, Nigeria, Senegal, South Africa, Tanzania, Togo and Zambia.

Indo-Pacific

When investors look to the future of the global economy, more and more of them are looking toward the Indo-Pacific. This vast region stretching from India to Southeast Asia is home to more than half of the world's population and multiple rapidly emerging economies that will play a central role in global peace and security.

OPIC in 2018 committed to a heightened focus to help transform the region into a global economic leader in trade, innovation, and technology.

Partnering with regional allies

OPIC entered new partnerships with U.S. allies, including an agreement with the Japan Bank for International Cooperation and a trilateral partnership with Japan and Australia, to support more infrastructure development in the Indo-Pacific.

Expanded presence in the region

OPIC in 2018 added a managing director in Tokyo to supplement the existing OPIC office in Bangkok and expand local outreach and business development.

OPIC at work in the Indo-Pacific

Through its support of the Unitus Livelihood Impact Fund, OPIC is supporting multiple small businesses that are creating jobs and expanding access to financial services in South East Asia.



OPIC financing is helping IndusInd Bank Ltd. provide microfinance loans to female entrepreneurs, empowering many of the women to start or grow businesses.

OPIC political risk insurance is supporting a business that is introducing pathology laboratories to hospitals in rural parts of Pakistan to help advance early diagnosis and improved treatment.

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 screens each new project to ensure that it does not have a negative effect on the U.S. economy, does not result in the loss of U.S. jobs, and evaluates the potential for positive impacts on U.S. exports and jobs over a five-year period.³

In 2018, new OPIC projects are expected to generate over \$28 million in U.S. exports, supporting forty U.S. jobs. Approximately forty-three of the newly-committed projects involved a U.S. small business or investment fund manager as a sponsor.⁴ Three projects involved a U.S. woman-owned business and six involved a U.S. minority-owned business or investment fund manager.⁵

U.S. small businesses and fund managers	New Projects in 2018
Total	43
Woman-owned	3
Minority-owned	6

Many OPIC projects provide opportunities for small businesses to sell their products and services abroad. New 2018 projects are expected to procure nearly \$6 million per year over the next five years from eleven small businesses located in six states and the District of Columbia.

OPIC's Internal Procurement Activities

OPIC is deeply committed 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, is reported via the Federal Procurement Data System - Next Generation (FPDS-NG) at www.fpds.gov.

OPIC is proud to report that its small business performance has outpaced government-wide activity every year

Vendor	OPIC	U.S. Government ⁶
U.S. small business	56%	25%
U.S. women-owned business	8%	5%
U.S. disadvantaged business ⁷	10%	9%

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

⁴ 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.

⁵ 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 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.

⁶ Average, across U.S. government agencies; source: Federal Procurement Data System - Next Generation (FPDS-NG) (www.fpds.gov)

⁷ 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.

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for the last three years, and OPIC continues to push its achievement 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.⁸ If a potential project is not categorically prohibited, it undergoes a full review for social risks.

In 2018, three of the seventy-eight projects OPIC committed to support were reviewed and classified as “Special Consideration” to reflect that a potential project has heightened social risks, including 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 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 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.

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, in 2018, OPIC did not have to reject any applications for finance or insurance on social grounds.

⁸ Country eligibility for OPIC-supported projects based on labor-related statutory obligations is found in Exhibit 3 of this report and also in Chapter 9 of the OPIC Environmental and Social Policy Statement, available on OPIC’s website.

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,⁹ 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 2018, three of the seventy-eight projects OPIC committed to support were screened as Category A, which have the potential for significant adverse environmental and/or social impacts without adequate mitigation 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 2018.

Greenhouse Gas Reporting¹⁰

OPIC gathers data on the greenhouse gas (GHG) emissions related to its portfolio. OPIC has committed to: (a) reducing the direct GHG emissions from projects in its active portfolio (using the calendar year 2007 direct GHG emissions from OPIC’s active portfolio on June 30, 2008 as a baseline), by (i) 30% over a ten-year period and (ii) 50% over a 15-year period; and (b) increasing investment support to renewable energy and energy efficiency projects. “Direct emissions” are defined as the result of the combustion of fuel by OPIC-supported projects.

Since 2008, the aggregate direct GHG emissions associated with projects in OPIC’s active portfolio decreased by approximately 41.95 million short tons of CO₂e from 49.77 million short tons of CO₂e in calendar year

⁹ 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.

¹⁰ For more information on OPIC’s GHG Accounting Reports, visit: <https://www.opic.gov/doing-business-us/OPIC-policies/greenhouse-gas-accounting-reports>.

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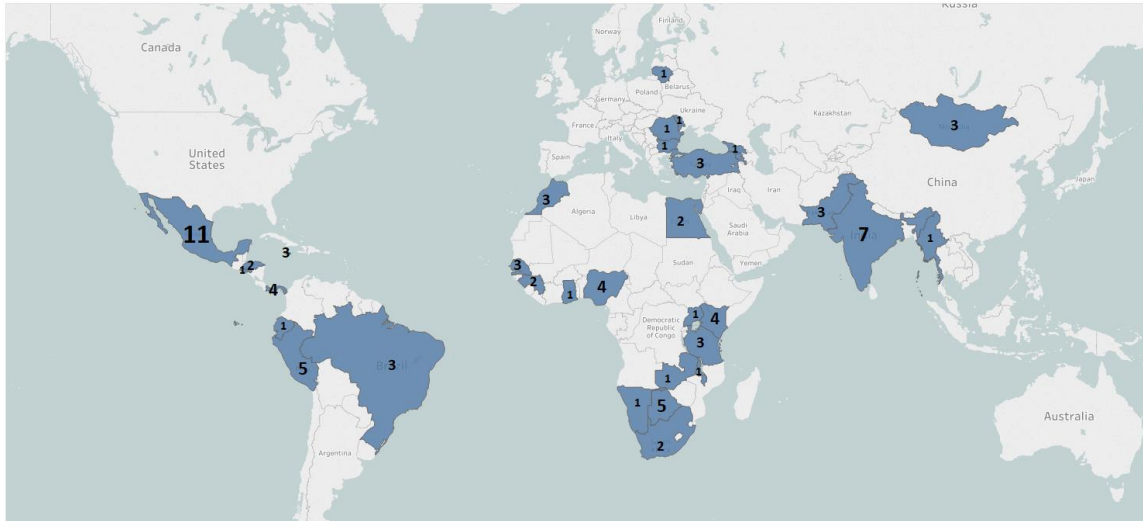
2007 to approximately 7.82 million short tons in calendar year 2017. This represents an 84.3% reduction in portfolio emissions.¹¹

¹¹ In the FY14 Annual GHG Report, OPIC corrected its FY08 baseline to remove GHG emissions that were earmarked for the Latin America Power (LP) III Fund. In FY14, LP III became fully invested without having invested in any projects that were significant GHG sources. Therefore, OPIC decided to retroactively remove the LP III allocation from the FY08-13 inventories (including the FY08 baseline).

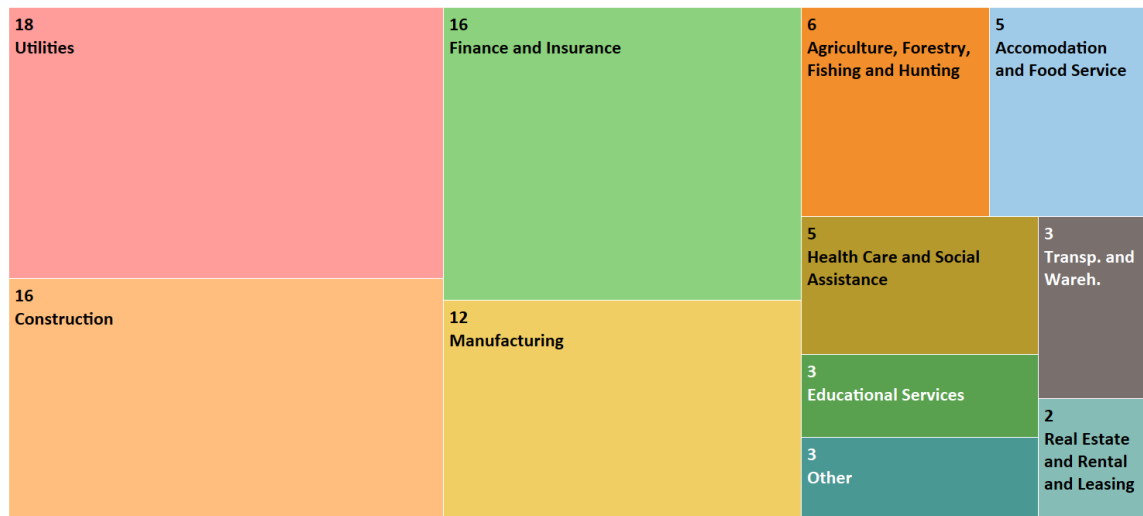
PORTFOLIO MONITORING AND EVALUATION

Each year, OPIC’s development economists, social impact analysts, and environmental experts visit a number of active projects to ensure compliance with project loan covenants and to examine realized development impact. Projects that are site-monitored include those randomly selected from OPIC’s active portfolio, as well as those designated as sensitive due to their potential effects on the environment and on the surrounding local community. The diagrams below provide breakdowns of the eighty-nine projects site-monitored in 2018.¹²

Monitored Projects - Country Breakdown



Monitored Projects - Sector Breakdown



¹² Three of the monitored projects are not country-specific, they are within the Latin American Region: Global Partnership Social Investment Funds 5 and 6, and Calvert Higher Education Finance Fund.

Compliance with OPIC Conditions and Covenants

Social Assessment

Social assessment monitoring activities focused on fifty-seven projects with the potential for greatest social risk. During site monitoring, eight projects were found to be out of compliance with OPIC's covenants regarding labor conditions or social risk management. For these eight 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 52 projects in 2018. Nine of these projects were Category A and 43 were Category B. One project was found to be in material noncompliance with OPIC covenants and conditions pertaining to environmental considerations.

Development Impact

Of the 23 projects visited and evaluated for their economic development impact:

- All nine projects initially scored as 'developmental' kept that same rating;
- Eleven of the twelve projects initially scored as 'highly developmental' kept that rating;
- Both projects initially scored as 'indeterminate' kept that same rating.

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

FY 2018 (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	5	\$601,711,820	\$0	\$20,405,000	\$24,907,780	35	22,407,780
Positive Subtotal	5	\$601,711,820	\$0	\$20,405,000	\$24,907,780	35	\$22,407,780
<u>Projects with Neutral Effect on Employment¹⁷</u>							
Housing	23	\$789,992,243	\$0	\$0	\$977,875	1	\$977,875
MSME	21	\$398,414,690	\$0	\$0	\$921,250	2	\$921,250
Agriculture	6	\$255,989,580	\$13,077,185	\$278,847,620	\$0	0	-\$13,077,185
Transportation & Logistics	5	\$2,023,706,875	\$0	\$0	\$0	0	\$0
Communication & IT	4	\$654,542,405	\$0	\$0	\$522,500	1	\$522,500
Energy - Renewable	4	\$445,858,335	\$0	\$0	\$0	0	\$0
Multiple ¹⁸	10	\$574,794,730	\$0	\$36,072,255	\$1,322,500	2	\$1,322,500
Neutral Subtotal	73	\$5,143,298,858	\$13,077,185	\$314,919,875	\$3,744,125	5	-\$9,333,060
<u>Projects with Negative Effect on Employment¹⁹</u>							
Negative Subtotal	0	\$0	\$0	\$0	\$0	0	\$0
Grand Total (All Projects)	78	\$5,745,010,678	\$13,077,185	\$335,324,875	\$28,651,905	41	\$13,074,720

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, projects in the following sectors were grouped: health care, energy – renewable, communication & IT, and manufacturing.

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, projects in the following sectors were grouped: retail, sanitation & clean water, health care, education, manufacturing, and hotels & tourism.

¹⁹ No OPIC-supported projects in 2018 expect loss of U.S. employment.

Exhibit 2: Destination of Sales to Third-Party Markets

FY 2018 (Projections)*

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

Country	Third-Party Sales ²⁰
<u>Projects with Positive Effect on Employment²¹</u>	
Spain	\$20,405,000
Positive Subtotal	\$20,405,000
<u>Projects with Neutral Effect on Employment²²</u>	
Africa Regional	\$15,724,875
Asia Regional	\$16,552,050
Canada	\$4,494,860
Europe Regional	\$149,713,805
Middle East Regional	\$8,250,765
Netherlands	\$9,224,465
Oman	\$3,619,695
Saudi Arabia	\$4,826,260
South Africa	\$30,000,000
United Arab Emirates	\$9,880,375
World Wide	\$26,560,470
Belgium	\$23,072,255
All OPIC Countries	\$13,000,000
Neutral Subtotal	\$314,919,875
<u>Projects with Negative Effect on Employment²³</u>	
Negative Subtotal	\$0
Grand Total (All Projects)	\$335,324,875

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

²¹ "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 "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 2018 expect loss of U.S. employment.

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

In 2018, OPIC supported seventy-eight new projects in thirty countries and five regions, across the globe²⁵.

Of the seventy-eight new projects committed, five expect to have positive impact²⁶ on U.S. jobs:

- All five in multiple sectors: Afghanistan, Ghana, Pakistan, Ukraine, multiple countries and regions

Of the seventy-eight new projects committed, seventy-three expect to have neutral impact²⁷ on U.S. jobs:

- Six in agriculture: Ethiopia, Ghana, India, Malawi, Mozambique, Sub-Saharan Africa regional
- Four in communication and information technology: Ecuador, India, Nigeria, Sub-Saharan Africa regional
- Four in renewable energy: Burundi, India, Sub-Saharan Africa regional, multiple countries and regions
- Twenty-three in housing: Colombia, Guatemala, Kenya, Mexico, Panama, Peru, South Africa, Uruguay
- Twenty-one in micro-, small-, and medium-enterprises: India, Jordan, Kazakhstan, Kenya, Mexico, Mongolia, Nigeria, Pakistan, Paraguay, Tunisia, West Bank & Gaza, Asia regional, Latin America regional, Middle East & North Africa regional, multiple countries and regions
- Five in transportation and logistics: Brazil, Colombia, India, Kenya
- Ten in multiple sectors: Botswana, Brazil, El Salvador, India, Indonesia, Rwanda, Ukraine

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

The seventy-eight new projects were in the following geographic regions:

- Thirty-one in Latin America: all expecting neutral U.S. job impact
- Nineteen in Sub-Saharan Africa: one expecting positive U.S. job impact and eighteen expecting neutral U.S. job impact
- Fourteen in Asia: two expecting positive U.S. job impact and twelve expecting neutral U.S. job impact
- Six in Middle East & North Africa: all expecting neutral U.S. job impact
- Four in Europe & Eurasia: one expecting positive U.S. job impact and three expecting neutral U.S. job impact
- Four in multiple regions: one expecting positive U.S. job impact and three expecting neutral U.S. job impact

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

²⁵ In FY18, 78 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 FY18 expect 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: OPIC's Development Matrix

As the U.S. Government's development finance institution, OPIC seeks to support projects that will produce strong positive developmental impact. While many of the direct benefits of these projects are clear from the start, these projects often produce indirect benefits including associated job creation, increased host country tax revenue and the related procurement of local goods and services.

Every proposed project is evaluated and scored based on a scale of 1 to 100. A project must score at least 25 points on the matrix to be considered developmental and clearly eligible for OPIC support. A score of over 60 qualifies a project as highly developmental. OPIC scores projects using two matrices — one tailored for financial services projects and the other for all other projects. Both matrices are comprised of the following five broad categories that measure a project's developmental impact, regardless of the project's industry, sector or the host country's level of development:

- **Development Reach:** measures a project's impact on basic infrastructure and/or its potential benefits to the poor and other underserved populations. For projects involving financial services, this factor measures the extent to which underdeveloped areas or underserved populations will be targeted by the financial institution.
- **Environmental and Community Benefits:** assesses a project's improvement of the environment and any philanthropic activities that benefit the local community.
- **Job Creation and Human Capacity Building:** includes the number of new jobs to be created, as well as training and employee benefits that go beyond local legal requirements.
- **Host Country Macroeconomic or Financial Benefits:** measures local procurement and fiscal and foreign exchange impacts. For projects involving financial services, this factor measures the amount of funds to be disbursed, as well as the impact on micro, small, and medium-sized enterprises, entrepreneurship, and home ownership.
- **Demonstration Effects:** includes technology and knowledge transfer, technical assistance to suppliers or borrowers, the introduction of new products (including financial products), the project's impact on regulatory and legal reform, and the adoption of internationally-recognized quality or performance standards.

Exhibit 6: 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. During FY18, no additional countries lost their GSP or OPIC benefits on worker rights grounds.

In 2018, USTR initiated a formal GSP country practice review on worker rights grounds for Kazakhstan, and continued to conduct formal GSP country practice reviews of Bolivia²⁹, Georgia, Iraq, Thailand, and Uzbekistan on worker rights grounds. OPIC will adjust country eligibility status on the basis of USTR’s final determination in these countries.

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 ³⁰ , 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 OPIC has suspended consideration of all projects in Bolivia, based on USG-wide policy concerns under FRAA 706(2)(a).

³⁰ <https://www.export.gov/article?id=Qatar-Project-Financing>

Exhibit 7: OPIC's Site-Monitoring Methodology

Environment, U.S. Economic Impact, Labor, and Host Country Developmental Impact

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

Using a statistical sampling methodology combined with risk-based monitoring, OPIC identifies projects that staff from one or more disciplines will site-monitor. The projects selected for site-monitoring include: (1) a random sample of projects that have been active for five or more years and have not been monitored previously; (2) projects that are sensitive with respect to U.S. economic effects, labor or environment, social, health and safety issues; and (3) projects that fit in logically with randomly selected or sensitive projects.

Labor

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

Certain areas of worker rights violations may be difficult to identify from a typical project site-monitoring visit. In those instances where OPIC determines further investigation is warranted, OPIC may employ trained and certified labor auditors to perform a full project audit. Auditors are often recruited locally, and those with a reputation for impartiality and credibility among both the labor and business communities are preferred. The auditors spend as much time as necessary to investigate potential violations thoroughly. At a minimum, an audit would include independent and confidential interviews with employees and management. Relevant entities such as government officials, knowledgeable local NGOs, and organized labor groups may also be interviewed.

Environment, Social, Health, and Safety (E&S)

With respect to E&S issues, projects selected for site-monitoring in a given year are prioritized based on environmental and social risk. Environmental and social risks depend upon several factors including project sensitivity, host country context, project-level environmental and social management systems, and investor experience in implementing projects of similar complexity. OPIC assesses the E&S performance of a project against applicable benchmarks including contract conditions, international standards and guidelines, and industry best practices. Factors included in the performance assessment include an evaluation of the project's environmental and social management systems, the effectiveness of mitigation, including pollution controls in risk reduction, and the efficiency of the operations, including energy efficiency. Interviews with the local community are conducted where relevant.

U.S. Economic Impact

OPIC monitors projects for their actual impact on the U.S. economy, including the U.S. employment generation effects. OPIC ensures that projects do not negatively impact the U.S. economy. This analysis includes verifying levels of exports to the U.S. or other countries (if any), calculating the U.S. trade balance impact, and verifying compliance with any restrictions included in the OPIC loan agreement or insurance contract (e.g. restrictions on exporting to the United States. or significant U.S. export markets).

Development Impact

Regarding host country development impact, OPIC conducts "deep dives" on a random selection of projects to compare actual results to original projections, collect more detailed and robust information on the development impacts of the projects it supports, inform effectiveness of OPIC's development assessment tools and metrics, glean lessons to be learned that are communicated to the rest of the Agency, and make recommendations to improve development impacts of the project or future projects. These "deep dives" are in addition to the annual monitoring of development data collected using OPIC's Self-Monitoring Questionnaire.

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Exhibit 8: Projects Monitored by OPIC's Office of Investment Policy in 2018

Project	Country	Economic Impact	Environmental Impact	Social Assessment
General Plastics	Kenya		✓	
Açu Petróleo S.A.	Brazil		✓	
Aga Khan Hospital	Pakistan		✓	
Al Watany Bank	Egypt	✓		✓
AMVIS Residencial Mezquital	Mexico		✓	✓
DCM Elements	Mexico		✓	✓
Puerto Morelos	Mexico		✓	✓
Alta Growth II	Mexico	✓		✓
Amandi Energy Limited	Ghana		✓	✓
American Intl. School-Kingston	Jamaica	✓		
Apollo Towers	Myanmar			✓
Armenia Hotel Complex	Armenia		✓	✓
AST Telecom Solar Private Limited	India	✓		
Bangweulu Power Company Limited	Zambia		✓	
Blue Star Diamonds Ltd	Botswana			✓
Eurostar Botswana Ltd.	Botswana			✓
KGK Diamonds Ltd.	Botswana			✓
M Suresh Botswana (Pty) Ltd	Botswana			✓
Trau Bros (Pty) Ltd.	Botswana			✓
Blue Mountain Renewables Wind Power Project	Jamaica	✓		
Bosforo, Ltda. de C.V.	El Salvador		✓	
Bridge International Academy	Kenya	✓	✓	✓
Butama Hydro	Uganda		✓	✓
Hexagon Limited	Nigeria		✓	
Attijariwafa Bank	Morocco	✓		✓
Grupo Jaremar	Honduras		✓	✓
Cinepax Multiplex Limited	Pakistan		✓	
Commercial International Bank	Egypt	✓		✓
Compagnie des Bauxites de Guinee	Guinea		✓	✓
Concord Enviro Systems Private Limited	India		✓	✓
Content Solar	Jamaica	✓		
ContourGlobal Cap des Biches	Senegal		✓	✓
Corporacion Quiport S.A.	Ecuador		✓	
DGF FIPAC 2 FIP	Brazil	✓		
DM Healthcare Private Ltd.	India	✓		
Enksa Vista Norte	Mexico		✓	✓
Firefly Investments 230 (Pty) Ltd.	South Africa		✓	
Fons Mediterrania	Morocco, Tunisia, Algeria	✓		✓
Geotêrmica Platanares	Honduras		✓	
Isik Tarim D/B/A Isik Organik	Turkey		✓	
Global Partnerships Social Investment Fund 5.0	Latin America Regional	✓		✓

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Global Partnerships Social Investment Fund 6.0	Latin America Regional		✓
Higher Education Finance Fund (Calvert)	Latin America Regional	✓	
International School of Kenya Limited	Kenya	✓	✓
Itau 2014	Brazil	✓	
Izmir Hospital	Turkey		✓
Kandeo Fund I	Mexico	✓	✓
Kilombero Plantations Limited	Tanzania		✓
Kocaeli Hospital	Turkey		✓
Kunoch Hotels Limited	Nigeria		✓
Lumiere	Panama		✓
Mediterrania Capital II	Morocco	✓	✓
Meridian Consolidated Investments Limited	Malawi		✓
Nexo	Peru		✓
Obarrio 53	Panama		✓
Orpower 4 Geothermal	Kenya		✓
Palardo II SAC	Peru		✓
Renew Power Ventures	India		✓
Renew-Karnataka	India		✓
Renew-Telangana	India		✓
SA Taxi	South Africa		✓
Sayali LLC	Georgia		✓
Schulze Global Finance Facility Mongolia	Mongolia	✓	✓
SenerMeridiam Senergy	Senegal		✓
Signature Point	Panama		✓
Silverlands - Ndoela	Tanzania		✓
Silverlands - STL	Tanzania		✓
Silverlands- SVL	Namibia		✓
Skye - CAPIC Select Limited	Nigeria		✓
Spazio 881 - Izazaga	Mexico		✓
Tavan Bogd Foods LLC	Mongolia	✓	✓
A&W Fresh Produce	Mexico		✓
AndrewyWilliamson2	Mexico		✓
Té Power	Guinea		✓
Ten Merina	Senegal		✓
The Phoenix	Panama		✓
Tishona - Growth Land Limited	Nigeria		✓
TPL Trakker	Pakistan		✓
Champion	Romania		✓
Tucan Inversiones II S.R.L.	Peru		✓
Tucan Inversiones III, S.R.L.	Peru		✓
UAB Freor	Lithuania		✓
Vivienda PC II, S.R.L.	Peru		✓
Satin Creditcare Network Limited (Senior)	India	✓	
Sefia	Mexico	✓	✓
Operadora de Servicios Mega SA SOFOM ENR	Mexico	✓	✓

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Transoil Group	Moldova		✓	✓
XacBank LLC	Mongolia			✓
ZBE Partners	Bulgaria		✓	✓
Total Project Visits		23	52	57

Exhibit 9: Projects Monitored for Development Impact in 2018

Project	Country	Projected Development Rating	Monitoring Development Rating
Al Watany Bank	Egypt	Developmental	Developmental
Alta Growth II	Mexico	Developmental	Developmental
American Intl. School-Kingston	Jamaica	Developmental	Developmental
Blue Mountain Renewables Wind Power Project	Jamaica	Developmental	Developmental
Attijariwafa Bank	Morocco	Developmental	Developmental
Content Solar	Jamaica	Developmental	Developmental
International School of Kenya Limited	Kenya	Developmental	Developmental
Mediterrania Capital II	Morocco	Developmental	Developmental
DGF FIPAC 2 FIP	Brazil	Developmental	Developmental
AST Telecom Solar Private Limited	India	Highly Developmental	Highly Developmental
Bridge International Academy	Kenya	Highly Developmental	Developmental
Commercial International Bank	Egypt	Highly Developmental	Highly Developmental
DM Healthcare Private Ltd.	India	Highly Developmental	Highly Developmental
Global Partnerships Social Investment Fund 5.0	Latin America Regional	Highly Developmental	Highly Developmental
Higher Education Finance Fund (Calvert)	Latin America Regional	Highly Developmental	Highly Developmental
Itau 2014	Brazil	Highly Developmental	Highly Developmental
Schulze Global Finance Facility Mongolia	Mongolia	Highly Developmental	Highly Developmental
Tavan Bogd Foods LLC	Mongolia	Highly Developmental	Highly Developmental
Satin Creditcare Network Limited (Senior)	India	Highly Developmental	Highly Developmental
Sefia	Mexico	Highly Developmental	Highly Developmental
Operadora de Servicios Mega SA SOFOM ENR	Mexico	Highly Developmental	Highly Developmental
Fons Mediterrania	Morocco, Tunisia, Algeria	Indeterminate	Indeterminate
Kandoo Fund I	Mexico	Indeterminate	Indeterminate

Exhibit 10: Projects Monitored for Environmental Impact and Social Evaluation in 2018

Project	Environmental/Social Performance
Armenia Hotel Complex	Environmental and Social performance is consistent with contract conditions.
ZBE Partners	Environmental and Social performance is consistent with contract conditions.
UAB Freor	Environmental and Social performance is consistent with contract conditions.
Transoil Group	Environmental and Social performance is consistent with contract conditions.
Champion	Environmental and Social performance is consistent with contract conditions.
Palardo II SAC	Social performance is consistent with contract conditions.
Vivienda PC II, S.R.L.	Social performance is consistent with contract conditions.
Tucan Inversiones II S.R.L.	Social performance is consistent with contract conditions.
Tucan Inversiones III, S.R.L.	Social performance is consistent with contract conditions.
Nexo	Social performance is consistent with contract conditions.
Silverlands - Ndoela	Environmental performance is consistent with contract conditions.
Silverlands - STL	Environmental performance is consistent with contract conditions.
Concord Enviro Systems Private Limited	Environmental and Social performance is consistent with contract conditions.
Renew Power Ventures	Environmental and Social performance is consistent with contract conditions.
Renew-Karnataka	Environmental and Social performance is consistent with contract conditions.
Renew-Telangana	Environmental and Social performance is consistent with contract conditions.
Kandeo Fund I	Social performance is consistent with contract conditions.
Alta Growth II	Social performance is consistent with contract conditions.
Sefia	Social performance is consistent with contract conditions.
Operadora de Servicios Mega SA SOFOM ENR	Social performance is consistent with contract conditions.
Silverlands-SVL	Environmental performance is consistent with contract conditions.
SA Taxi	Environmental performance is consistent with contract conditions.
Meridian Consolidated Investments Limited	Environmental performance is consistent with contract conditions.
Butama Hydro	Environmental and Social performance is consistent with contract conditions.
Bridge International Academy	Environmental and Social performance is consistent with contract conditions.
International School of Kenya Limited	Environmental and Social performance is consistent with contract conditions.
Orpower 4 Geothermal	Environmental and Social performance is consistent with contract conditions.
General Plastic Ltd; SA Taxi Impact Fund RF (Pty) Ltd.	Environmental and Social performance is consistent with contract conditions.

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A&W Fresh Produce	Environmental and Social performance is consistent with contract conditions.
AndrewyWilliamson2	Environmental and Social performance is consistent with contract conditions.
Butama Hydro	Social performance is consistent with contract conditions.
Bosforo, Ltda. de C.V.	Environmental performance is consistent with contract conditions.
AMVIS Residencial Mezquital	Environmental and Social performance is consistent with contract conditions.
DCM Elements	Environmental and Social performance is consistent with contract conditions.
Puerto Morelos	Environmental and Social performance is consistent with contract conditions.
Spazio 881 - Izazaga	Environmental and Social performance is consistent with contract conditions.
Enksa Vista Norte	Social performance is consistent with contract conditions.
Global Partnerships Social Investment Fund 5.0	Social performance is consistent with contract conditions.
Global Partnerships Social Investment Fund 6.0	Social performance is consistent with contract conditions.
Blue Star Diamonds Ltd	Social performance is consistent with contract conditions.
Eurostar Botswana Ltd.	Social performance is consistent with contract conditions.
KGK Diamonds Ltd.	Social performance is consistent with contract conditions.
M Suresh Botswana (Pty) Ltd	Social performance is consistent with contract conditions.
Trau Bros (Pty) Ltd.	Social performance is consistent with contract conditions.
SA Taxi	Social performance is consistent with contract conditions.
Al Watany Bank	Social performance is consistent with contract conditions.
Commercial International Bank	Social performance is consistent with contract conditions.
Attijariwafa Bank	Social performance is consistent with contract conditions.
Mediterrania Capital II	Social performance is consistent with contract conditions.
Fons Mediterrania	Social performance is consistent with contract conditions.
Apollo Towers	Social performance is consistent with contract conditions.
Firefly Investments 230 (Pty) Ltd.	Environmental performance is consistent with contract conditions.
Kilombero Plantations Limited	Environmental and Social performance is consistent with contract conditions.
Bangweulu Power Company Limited	Environmental performance is consistent with contract conditions.
Corporacion Quiport S.A.	Environmental performance is consistent with contract conditions.
Grupo Jaremar	Environmental and Social performance is consistent with contract conditions.
Geotèrmica Platanares	Environmental performance is consistent with contract conditions.
Butama Hydro	Environmental and Social performance is consistent with contract conditions.
Aga Khan Hospital	Environmental performance is consistent with contract conditions.
TPL Trakker	Environmental performance is consistent with contract conditions.

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Açu Petróleo S.A.	Environmental performance is consistent with contract conditions.
Isik Tarim D/B/A Isik Organik	Environmental performance is consistent with contract conditions.
Izmir Hospital	Environmental and Social performance is consistent with contract conditions.
Kocaeli Hospital	Environmental and Social performance is consistent with contract conditions.
Compagnie des Bauxites de Guinee	Environmental and Social performance is consistent with contract conditions.
Té Power	Environmental and Social performance is consistent with contract conditions.
Enksa Vista Norte	Environmental performance is consistent with contract conditions.
Lumiere	Environmental performance is consistent with contract conditions.
Obarrio 53	Environmental performance is consistent with contract conditions.
Signature Point	Environmental performance is consistent with contract conditions.
The Phoenix	Environmental performance is consistent with contract conditions.
Sayali LLC	Environmental and Social performance is consistent with contract conditions.
Schulze Global Finance Facility Mongolia	Social performance is consistent with contract conditions.
Tavan Bogd Foods LLC	Social performance is consistent with contract conditions.
XacBank LLC	Social performance is consistent with contract conditions.
Cap des Biches	Environmental and Social performance is consistent with contract conditions.
Meridiam Senergy	Environmental and Social performance is consistent with contract conditions.
Ten Merina	Environmental and Social performance is consistent with contract conditions.
Amandi Energy Limited	Social performance is consistent with contract conditions; environmental performance is inconsistent with contract conditions.
Hexagon Limited	Environmental performance is consistent with contract conditions.
Skye	Environmental performance is consistent with contract conditions.
Kunoch Hotels Limited	Environmental performance is consistent with contract conditions.
Tishona - Growth Land Limited	Environmental performance is consistent with contract conditions.