The Overseas Private Investment Corporation: Background and Legislative Issues

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Summary

The Overseas Private Investment Corporation (OPIC) is an independent U.S. government agency that provides political risk insurance, financing (direct loans and loan guarantees), support for private equity investment funds, and other services to promote U.S. direct investment in developing countries and emerging economies that will have a development impact. Congress has authorization, appropriations, oversight, and other legislative responsibilities related to the agency and its activities. Congress does not approve individual OPIC transactions. However, it places statutory requirements on OPIC’s activities, such as those related to economic and environmental impacts of projects. OPIC’s governing legislation is the Foreign Assistance Act of 1961 (P.L. 87-195) as amended.

OPIC’s Programs and Activities

OPIC’s programs are intended to promote U.S. private investment by mitigating risks, such as political risks (including currency inconvertibility, expropriation, and political violence), for U.S. firms making qualified investments overseas. Its authority to guarantee and insure U.S. investments abroad is backed by the full faith and credit of the U.S. government. U.S. foreign policy objectives guide OPIC activities.

OPIC operates in over 150 countries around the world and across a range of economic sectors. Since it began operations in 1971, OPIC has funded, guaranteed, or insured more than $200 billion in investments. In FY2012, OPIC provided $3.6 billion in new market-based financing and political risk insurance to U.S. businesses.

Budget

OPIC’s budget is self-sustaining from its own revenues, which include user fees and interest from U.S. Treasury securities. However, Congress annually sets OPIC’s maximum spending levels for its administrative and program expenses. For FY2012, Congress provided $54.99 million for OPIC’s administrative expenses and authorized a transfer of $25 million from OPIC’s noncredit account to conduct its credit and administration programs. President Obama’s budget proposal for FY2014 requested $71.8 million for OPIC’s administrative expenses and a transfer of $31 million from OPIC’s noncredit account to conduct its programs.

Reauthorization and Other Issues for Congress

The 113th Congress may take up a number of issues related to OPIC, chief of which could be a debate about whether or not to renew OPIC’s authority and, if so, under what terms. The most recent long-term, stand-alone reauthorization of OPIC was through legislation passed in 2003 (P.L. 108-158), which reauthorized OPIC through November 1, 2007. Since then, Congress has extended OPIC’s authority through annual appropriations vehicles for varying periods of up to a year. The FY2013 full-year continuing resolution (P.L. 113-6) extends OPIC’s authority to conduct its credit and insurance programs through FY2013. Congress also may examine the policy debate related to OPIC’s mission, the statutory conditions on OPIC’s support for investments, and the agency’s organizational structure.
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Introduction

The Overseas Private Investment Corporation (OPIC) is an independent U.S. government agency that seeks to promote economic growth in developing and emerging economies through the mobilization of private capital, in support of U.S. foreign policy goals. OPIC is often referred to as the U.S. government’s development finance institution (DFI). Its governing legislation, the Foreign Assistance Act of 1961 (P.L. 87-195), as amended, directs OPIC to “mobilize and facilitate the participation of United States private capital and skills in the economic and social development of less developed countries and areas, and countries in transition from nonmarket to market economies... under the policy guidance of the Secretary of State.”1

OPIC works to fulfill its mandate by providing political risk insurance, finance (loans and guarantees), support for private equity investment funds, and other services to promote U.S. investment in over 150 countries around the world. OPIC’s services are intended to mitigate the risks affecting U.S. international investment, such as political risks (including currency inconvertibility, expropriation, and political violence), for U.S. firms making qualified investments overseas. Since 1971, OPIC programs have supported more than $200 billion of private investment in over 4,000 projects around the world. OPIC’s activities are driven by private sector demand in investing overseas.

Although OPIC is not charged directly with promoting U.S. exports, OPIC’s activities may nevertheless contribute to U.S. exports and employment.2 OPIC is a member of the Export Promotion Cabinet, created under President Obama’s National Export Initiative (NEI), a plan to double U.S. exports by 2015 to support U.S. jobs. By OPIC’s estimates, since 1971, its activities have helped to generate $75 billion in U.S. exports and support more than 277,000 American jobs.3

Congress does not approve individual OPIC projects, but has authorization, appropriations, oversight, and other legislative responsibilities related to the agency and its activities. Congress authorizes OPIC’s ability to conduct its credit and insurance programs for a period of time chosen by Congress. Congress can amend or change OPIC’s governing legislation as it deems appropriate. Congress approves an annual appropriation for OPIC that sets an upper limit on the agency’s administrative and program expenses, which are covered by OPIC’s own funds. The Senate confirms Presidential appointments to OPIC’s Board of Directors and to the OPIC positions of President and Executive Vice President.

This report provides: (1) a background on OPIC’s origins and program operations; (2) discussion of the international development finance context; and (3) analysis of key issues for Congress related to OPIC.

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2 For additional information, see OPIC’s website: http://www.opic.gov/.
3 OPIC, OPIC 2012 Annual Report, http://www.opic.gov/sites/default/files/files/OPIC_2012_Final.pdf. It should be noted that a combination of factors, such as macroeconomic factors and global economic developments, generally determine a nation’s level of exports.
OPIC Background and Operations

Origins

Created under the Foreign Assistance Act of 1961 (P.L. 87-195) as amended, OPIC was established in 1969 and began operations in 1971 as a development finance institution amid an atmosphere of congressional disillusionment overall with U.S. aid programs, especially large infrastructure projects. In his first message to Congress on aid, President Nixon recommended the creation of OPIC to assume the investment guaranty and promotion functions that were being conducted by the U.S. Agency for International Development (AID). President Nixon also directed that OPIC would provide “businesslike management of investment incentives” to contribute to the economic and social progress of developing nations.4

In creating OPIC, the Nixon Administration indicated that it was not attempting to end official U.S. foreign assistance, because “private capital and technical assistance cannot substitute for government assistance programs,” a combination that can provide, “official aid on the one hand, and private investment and technical assistance on the other.” Private investment activities, however, were meant to complement the official assistance programs and, thereby, multiply the benefits of both. In addition, market-oriented private investment was viewed as an antidote to the government-oriented aid projects that were considered by some to be costly and inefficient. OPIC was created as a first step in the eventual overhaul of the entire U.S. aid program. In 1973, this overhaul was completed as the United States largely abandoned infrastructure building and other large capital projects in favor of humanitarian aid to meet basic human needs.

Programs

OPIC operates three main programs—insurance, finance, and investment funds—that are intended to promote U.S. private investment in less developed countries by mitigating risks, such as political risks, for U.S. firms making qualified investment overseas. OPIC’s authority to guarantee and insure U.S. investments abroad is backed by the full faith and credit of the U.S. government and OPIC’s own financial resources. OPIC provides financing and insurance coverage of up to $250 million per project.

Political Risk Insurance

OPIC provides political risk insurance (PRI) to safeguard investments against certain political risks involved in investing in developing countries. OPIC often is considered to be one of the pioneers of PRI for developing countries; it provided such support when private sector markets were not well-developed. Historically, OPIC’s insurance activities accounted for the bulk of its portfolio. In recent years, however, the share of insurance in OPIC’s total portfolio has declined to around 20%. This shift is due to a number of factors, including the greater role of the private sector in providing PRI for developing countries as well as the rise of other development finance

institutions in this space, including the World Bank’s Multilateral Investment Guaranty Agency (MIGA). Nevertheless, OPIC’s PRI program remains active.\(^5\)

OPIC insures investments against three broad areas of political risk:

- **Currency inconvertibility** coverage compensates investors if new currency restrictions are imposed which prevent the conversion and transfer of remittances from insured investments, but it does not protect against currency devaluation.

- **Expropriation** coverage protects U.S. firms against the nationalization, confiscation, or expropriation of an enterprise, including actions by foreign governments that deprive an investor of fundamental rights or financial interests in a project for a period of at least six months. This coverage excludes losses that may arise from lawful regulatory or revenue actions by a foreign government and actions instigated or provoked by the investor or foreign firm.

- **Political violence** coverage compensates U.S. citizens and firms for property and income losses directly caused by various kinds of violence, including declared or undeclared wars, hostile actions by national or international forces, civil war, revolution, insurrection, and civil strife (including politically motivated terrorism and sabotage). Income loss insurance protects the investor’s share of income from losses that result from damage to the insured property caused by political violence. Assets coverage compensates U.S. citizens and firms for losses of or damage to tangible property caused by political violence. OPIC also has a number of special programs that protect U.S. banks from political violence. This type of insurance reduces risks for banks and other institutional investors, which allows them to play a more active role in financing projects in developing countries. Specialized types of insurance coverage also are available for U.S. investors involved with certain contracting, exporting, licensing, or leasing transactions that are undertaken in a developing country.

OPIC’s PRI is available to U.S. citizens, U.S. firms, or to the foreign subsidiaries of U.S. firms as long as the foreign subsidiary is at least 95%-owned by a U.S. citizen. According to OPIC, such insurance is available for investments in new ventures or in expansions of existing enterprises, and can cover equity investments, parent company and third party loans and loan guarantees, technical assistance agreements, cross-border leases, assigned inventory or equipment, and other forms of investment.

### Investment Finance

OPIC’s finance program has grown to represent the largest area of OPIC activity. It operates like an investment bank, customizing and structuring a complete package for individual projects in countries where conventional financing institutions often are unwilling or unable to lend on a basis that is competitively advantageous for investors. The finance program is carried out through two departments, one that focuses on projects involving small- and medium-sized enterprises (SMEs, businesses with fewer than 500 employees and annual revenues of under $250 million) and the other for larger U.S. businesses (with more than 500 employees and annual revenues of

\(^5\) More information on OPIC’s political risk insurance program is available at: http://www.opic.gov/what-we-offer/political-risk-insurance.
over $250 million) participating in large-scale capital projects, such as infrastructure, telecommunications, power, water, housing, airports, hotels, high-technology, financial services, and natural resource extraction industries.\(^6\)

To obtain OPIC financing, the venture must be commercially and financially sound and have some portion of U.S. ownership. Projects may be wholly owned by U.S. companies, foreign subsidiaries of U.S. companies, or joint ventures involving local companies and U.S. sponsored firms. In the case of a joint venture involving existing firms, the U.S. investor generally is expected to own at least 25% of the equity of the project. For new ventures, financing may be equal to 50% of the total project cost; a larger share is possible for certain projects.

The amount of OPIC’s participation may vary taking into consideration financial risks and benefits. In general, OPIC will not support more than 75% of the total investment. OPIC provides financing to investors through two major programs: direct loans and loan guarantees.

- **Direct loans** generally range between $350,000 and $50 million, although they can be more in certain cases. Direct loans are available only for ventures sponsored by, or significantly involving, U.S. SMEs or cooperatives (such as joint ventures).

- **Loan guarantees** typically are used for larger projects, ranging in size up to $250 million, but in certain cases can be higher. OPIC’s guarantees are issued to financial institutions that are more than 50%-owned by U.S. citizens, corporations, or partnerships. Rates and conditions on loans and guarantees depend on financial market conditions at the time and on OPIC’s assessment of the financial and political risks involved. Consistent with commercial lending practices, OPIC charges up-front, commitment, and cancellation fees, and reimbursement is required for project-related expenses.

As part of its emphasis on U.S. small business investors, OPIC established the Enterprise Development Network (EDN) in June 2007. Under the EDN, OPIC collaborates with participating financial intermediaries to expand access of small businesses to OPIC-supported products and services.\(^7\)

**Investment Funds**

OPIC supports and mobilizes risk capital by providing debt capital for the creation of privately-owned and privately-managed equity **investment funds**. These funds make direct equity and equity-related investments in portfolio companies in new, expanding or privatizing economies of developing or emerging markets. In most instances, OPIC provides up to one-third of the fund’s total capital, and receives debt returns on its investment. OPIC supports these funds in situations where U.S. firms either cannot allocate or cannot raise sufficient capital to start or expand their businesses overseas. OPIC solicits these funds through a competitive “Call for Proposals” process that seeks investment funds focusing on the agency’s development priorities, particularly in areas where investments have been difficult to obtain. OPIC uses the “Call for Proposals” process to select fund managers with private equity investment capability and experience. OPIC-supported

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investment funds cover a range of economic sectors, including financial services, insurance, housing, renewable energy, and information technology.\(^8\)

OPIC’s investment funds program is newer compared to the PRI and finance programs. OPIC approved its first investment fund in 1987.\(^9\) The program has been restructured periodically, such as in 2002, leading to the incorporation of a competitive selection process for fund managers and investment advisors through the “Call for Proposals.”

**Other Activities**

OPIC conducts outreach to raise awareness of its programs and services for U.S. investors. For instance, OPIC offers workshops and seminars as part of its *Expanding Horizons* program to address concerns over political risks in emerging markets and share information about its programs and resources to support overseas investment. *Expanding Horizons* includes a focus on supporting U.S. small businesses in expanding to overseas markets.\(^10\)

**Budget**

Structured like a private corporation, OPIC operates on a self-sustaining basis to mobilize and facilitate private capital investment overseas. OPIC’s budget is fully self-funded from its offsetting collections, which are derived from the premiums, interest, and fees generated from its insurance and finance services and the accumulated interest generated from the agency’s investment in U.S. Treasury securities.\(^11\) Under the Foreign Assistance Act of 1961 as amended, OPIC has the authority to spend from its own revenue to cover its operations. Each year, however, Congress sets OPIC’s maximum spending levels for its administrative and program expenses. Congress follows this appropriations procedure in order to exercise its oversight role and to set limits on the extent to which OPIC can obligate U.S. government resources.

OPIC’s budget is composed of noncredit and credit accounts, in conformity with the standards set out in the Federal Credit Reform Act of 1990 (FCRA). The noncredit portion of OPIC’s budget relates to OPIC’s political risk insurance program, while the credit portion is comprised of OPIC’s direct and guaranteed loans. OPIC uses premium income and the interest it accrues from the assets in its noncredit account to fund the direct and indirect expenses in its noncredit and credit accounts.

For FY2012, Congress authorized $54.99 million for OPIC’s administrative expenses and a transfer of $25 million from OPIC’s noncredit account to conduct its credit and administrative

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\(^8\) More information on OPIC’s investment funds program is available at: [http://www.opic.gov/what-we-offer/investment-funds](http://www.opic.gov/what-we-offer/investment-funds).


\(^11\) Prior to FY1992, OPIC relied exclusively on non-appropriated resources (fees and interest on Treasury securities) to fund its operations. With federal government credit reform, however, OPIC was required to receive an appropriation based on an estimate of its credit programs (direct loans and guarantees). From 1992 to 1994, OPIC returned to the General Fund of the U.S. Treasury an amount equal to its direct appropriation. For FY1998 and beyond, OPIC’s appropriations language provides OPIC with the authority to spend from its own income.
programs (see Table 1). For FY2013, Congress appropriated funds for OPIC at the FY2012 level through a continuing resolution (P.L. 113-6). Budgetary resources for OPIC in the non-credit account are exempt from the current budget “sequestration,” while budgetary resources for OPIC in its program account are subject to the sequestration.

Table 1. OPIC’s Budget Summary
(in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
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<tbody>
<tr>
<td><strong>NONCREDIT ACCOUNT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Operating expenses</td>
<td>48</td>
<td>51</td>
<td>52</td>
<td>52</td>
<td>55</td>
<td>55</td>
<td>72</td>
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<tr>
<td>Noncredit administrative expenses</td>
<td>29</td>
<td>51</td>
<td>21</td>
<td>21</td>
<td>22</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>Credit administrative expenses</td>
<td>19</td>
<td>---</td>
<td>31</td>
<td>31</td>
<td>33</td>
<td>33</td>
<td>43</td>
</tr>
<tr>
<td>Other noncredit expenses</td>
<td>28</td>
<td>38</td>
<td>29</td>
<td>12</td>
<td>8</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Offsetting collections</td>
<td>-295</td>
<td>-282</td>
<td>-272</td>
<td>-235</td>
<td>-252</td>
<td>-230</td>
<td>-222</td>
</tr>
<tr>
<td>Federal sources</td>
<td>-39</td>
<td>-32</td>
<td>-31</td>
<td>-31</td>
<td>-33</td>
<td>-33</td>
<td>-43</td>
</tr>
<tr>
<td>Interest on U.S. securities</td>
<td>-212</td>
<td>-209</td>
<td>-200</td>
<td>-165</td>
<td>-160</td>
<td>-158</td>
<td>-133</td>
</tr>
<tr>
<td>Claim recoveries</td>
<td>-26</td>
<td>-26</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Outlays (net)</td>
<td>-240</td>
<td>-223</td>
<td>-218</td>
<td>-179</td>
<td>-194</td>
<td>-167</td>
<td>-137</td>
</tr>
</tbody>
</table>

Budget authority:

| **CREDIT ACCOUNT / PROGRAM** |      |      |      |      |      |      |      |
| Total new program obligations | 110  | 145  | 81   | 236  | 173  | 275  | 74   |
| Direct loan subsidy         | 6    | 14   | 24   | 15   | 12   | 20   | 20   |
| Loan guarantee subsidy      | 5    | 11   | 9    | 8    | 10   | 5    | 11   |
| Program cost re-estimates   | 70   | 90   | 17   | 182  | 118  | 177  | ---  |
| Credit administrative expenses | 29   | 30   | 31   | 31   | 33   | 33   | 43   |
| Budget authority (net)      | 123  | 148  | 76   | 231  | 176  | 274  | 74   |
| Appropriations               | 71   | 89   | 16   | 182  | 118  | 216  | ---  |
| From other account           | 52   | 59   | 60   | 49   | 58   | 58   | 74   |
| Outlays (net)                | 113  | 135  | 66   | 232  | 163  | 272  | 69   |


Notes:

a.  The amounts for FY2011 and FY2012 are based on the annualized level provided by continuing resolution.

b.  The FY2013 data do not reflect the sequestration reduction.

c.  Credit administrative expenses originate from noncredit account balance and are transferred to the program account where they are returned to the noncredit account as collection. In this way, the program account reflects the cost of the credit program.
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d. Budget authority transferred to other accounts, including OPIC’s credit account.

e. OPIC does not receive an appropriation for the initial funding of this credit program subsidy. In accordance with the Federal Credit Reform Act, OPIC receives an appropriation for the funding of upward subsidy reestimates.

f. These funds include transfers from OPIC’s noncredit account (see footnote ‘c’) and from the Export-Import Bank and the U.S. Agency for International Aid and Development to finance projects in the New Independent States (NIS).

For FY2014, President Obama requested $71.8 million for OPIC’s administrative expenses (up from $60.78 million requested in FY2013), and a transfer of $31 million from OPIC’s noncredit account to conduct its credit and administrative programs (the same amount requested for FY2013). According to OPIC, the increase in administrative expenses requested reflects a need for increased staffing and logistical resources to support its activities. OPIC’s FY2014 congressional budget justification states, “OPIC’s project-specific focus and statutory requirements make it difficult to increase output with existing staff while meeting policy and financial management required by law.”

OPIC has a net negative budget authority; its offsets to budget authority have been greater than its appropriations. For more than thirty years, OPIC has regularly returned “surplus” funds to the U.S. Treasury, which represent a reserve fund against losses that OPIC may incur through its financing and insurance programs. The surplus may reflect revenues which OPIC has earned (such as through the premiums, interest, and fees generated from OPIC’s services), but for which OPIC has not received payment yet. It also may reflect expenses (such as financing, insurance, or investment commitments) that OPIC has incurred, but for which OPIC has not yet disbursed payment. The transfer of these funds to the Treasury essentially is a transaction in the accounting ledger between the Treasury and OPIC, rather than a cash transfer of funds.

The agency has recorded a positive net income for every year of operation. Currently, OPIC has accumulated about $5 billion in reserves (comprised of U.S. Treasury securities), which help to protect against potential losses from OPIC-supported projects. On a private sector accounting basis, OPIC reported earning a net income of $272 million in FY2012, up from $269 million in FY2011, $260 million in FY2010, and $242 million in FY2009.

Portfolio and Focus Areas

The statutory limit on the total outstanding liability (“exposure”) for OPIC’s financing and insurance is $29 billion. In FY2012, OPIC’s portfolio of projects had a total exposure of $16.7 billion across its three program areas (see Figure 1).

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12 OPIC, Overseas Private Investment Corporation Fiscal Year 2014 Congressional Budget Justification.
OPIC is open for business in more than 150 countries around the world, with its portfolio spread across 103 countries in FY2012. During that year, OPIC provided $3.6 billion in commitments for new investment projects, up 30% from FY2011. Since the global economic crisis that began in 2008, OPIC has reported an increase in demand for its services, as U.S. companies sought OPIC support to meet the shortfall in private sector investment financing.

OPIC prioritizes its works based on U.S. foreign policy and development objectives. It is worth noting, however, that OPIC largely is a demand-driven agency, which is reflected in OPIC’s activity level. What follows is a summary of some of OPIC’s priority areas for its activities.

- **Geographical focus:** OPIC’s regional priorities include sub-Saharan Africa (SSA), where it committed $907 million for new projects in FY2012, and the Middle East and North Africa (MENA), where it committed $878 million for new projects in FY2012. A ramp-up of OPIC support is particularly evident with respect to SSA. In FY2012, SSA accounted for nearly one-quarter ($3.74 billion) of OPIC’s total global portfolio, up from 6% a decade ago. OPIC also focuses on

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18 Data on OPIC’s focus areas and portfolio draw from OPIC annual reports, congressional budget justifications, and press releases.
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certain countries with difficult investment environments, including Afghanistan, Pakistan, Iraq, and Haiti.

- **Sectoral focus:** OPIC’s sectoral focus areas include renewable resources, agriculture, infrastructure, health care, and “impact investing.” OPIC’s emphasis on renewable energy projects has been particularly strong. In FY2012, OPIC provided $1.6 billion in financing and insurance for projects in the renewable energy sector, up from $1.1 billion in FY2011.

- **SME focus:** In terms of the United States, OPIC seeks to expand U.S. SME involvement in investment, and reported that about two-thirds of its projects in FY2012 involved U.S. small businesses. In addition, OPIC has focused on providing support for expanding financing available to SMEs in developing countries and emerging markets.

OPIC also participates in broader initiatives by the Administration in response to foreign policy and development needs, as illustrated below.

- **The U.S.-Africa Clean Energy Finance (ACEF) Initiative**—a joint mechanism by the State Department, OPIC, and the Trade and Development Agency (TDA) launched in June 2012—is a four-year, $15 million program to catalyze private sector investment in the African clean energy sector by identifying and providing financing for project development costs. In 2013, OPIC dedicated a staff member for South Africa to support implementation of the initiative.

- **Power Africa,** announced by the President in June 2013, is an initiative to double access to power in SSA. The U.S. government plans to commit more than $7 billion in financial support over the next five years, including up to $1.5 billion in OPIC financing and insurance to energy projects in the region.

- **The U.S.-Asia Pacific Comprehensive Partnership for a Sustainable Energy Future,** announced during the 2012 East Asia Summit, is a policy initiative that includes up to $6 billion from federal trade and investment promotion agencies to finance exports and investments related to energy infrastructure in the region. The Administration announced that OPIC is to provide up to $1 billion in financing for sustainable power and infrastructure projects in the region.

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19 OPIC, *Congressional Budget Justification –FY2012*, pp. 5-6. OPIC defines impact investing as “investments in businesses that are designed with the intent to generate positive social and/or environmental impact” and “can include business sectors such as basic needs (food, water, sanitation, housing), basic services (education, health care, clean technology), and financial services (microfinance and small and medium enterprise finance).”


• **In response to political change in the MENA region**, in March 2011, Secretary of State Clinton announced that OPIC would provide up to $2 billion in financial support “to catalyze private sector development” in the MENA region in order to spur economic growth and job creation.  

24 Subsequently, President Obama announced in May 2011 that OPIC would provide up to $1 billion in financing to support infrastructure and job creation specifically in Egypt.  

25 As part of these efforts, OPIC, for example, approved $500 million in lending to Egypt and Jordan ($250 million to each country) to support small businesses in those countries. AID is providing grant funding and technical assistance to the initiative.  

26 Implementation of the Egypt facility may be difficult in light of the country’s uncertain political environment. In comparison, implementation of the Jordan loan guarantee facility reportedly is further along.  

• **The Partnership for Growth (PFG) Initiative** seeks to support sustainable economic growth and development in four countries considered to be top-performing and low-income (El Salvador, Tanzania, Ghana, and the Philippines). OPIC is active in supporting investments in all four countries, providing hundreds of millions of dollars to date.

### Statutory and Policy Conditions for OPIC-Supported Projects

Projects supported by OPIC are governed by congressionally-mandated statutory requirements in OPIC’s governing legislation and general OPIC policy. OPIC’s statutory mandates include the following.

- **Self-sustaining operations.** OPIC is statutorily required to conduct its operations on a self-sustaining basis, taking into account the “economic and financial soundness of projects.”  

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- **U.S. connection.** OPIC-supported projects are required to have an appropriate link to the United States. OPIC’s enabling legislation defines the term “eligible investor”  

29 and OPIC’s policies provide further specifications regarding the term.

- **Environmental and social impact.** In determining whether to support a project, OPIC is directed by its enabling legislation to “be guided by the economic and social impact and benefits” of the project.  

30 OPIC is generally barred from participating in projects that pose an “unreasonable or major environmental

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29 22 U.S.C. §2198(c).

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health, or safety, hazard.”31 Pursuant to OPIC’s enabling legislation, OPIC’s Board of Directors shall not vote in favor of any project that is likely to have “significant adverse environmental impacts that are sensitive, diverse, or unprecedented” unless for at least 60 days before the vote, an environmental impact assessment of the project is conducted and is made available to the public.32

• **Worker rights.** As stated in OPIC’s governing legislation, OPIC-supported projects can be implemented only in countries that currently have, or are taking steps to adopt and implement, laws that uphold internationally recognized worker rights. Any such determination shall be reported in writing to the Congress, together with the reasons for the determination.33

• **U.S. economic impact.** OPIC’s activities are intended to assist U.S. firms’ foreign operations. For instance, Congress directed OPIC to focus on projects that have “positive trade benefits for the United States.”34 OPIC is required to decline its services, however, if it determines that an overseas investment may reduce employment in the United States, either because a U.S. firm shifts part of its production abroad, or because output from an overseas investment will be shipped to the United States and “reduce substantially the positive trade benefits” of the investment.35

• **Development effects on the host country.** OPIC is directed to “mobilize and facilitate the participation of United States private capital and skills in the economic and social development of less developed countries and areas, and countries in transition from nonmarket to market economies... under the policy guidance of the Secretary of State.”36 Factors considered when evaluating the developmental impact of OPIC-supported projects on the host country include: human capacity building and job creation, social policies and corporate social responsibility initiatives, infrastructure improvements, and technology and knowledge transfer.

OPIC’s Environmental and Social Policy Statement

In 2010, OPIC released a “revised and strengthened” Environmental and Social Policy Statement regarding the projects that it supports. The policy statement adopts the International Finance Corporation’s Performance Standards on Social and Environmental Sustainability, aligning OPIC more effectively with the international development finance community on investment policy. OPIC’s statement discusses OPIC, investor, and host country requirements and the processes by which OPIC ensures that its projects support environmental, social, labor, human rights, and transparency goals. The statement also includes previously established OPIC environmental and social commitments or practices, including to reduce greenhouse gas emissions of OPIC projects by 30% between 2008-2018 and by 50% between 2008-2023, as well as to provide information on the agency website on the most environmentally- or socially-sensitive projects at least 60 days before the OPIC Board makes any decision on supporting them.


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32 22 U.S.C. §2191a(b).
34 22 U.S.C. §2191(i).
International Context for Development Finance

OPIC has many counterparts internationally, at the bilateral, regional, and multilateral levels (see Table 2). OPIC and these other entities often are referred to as development finance institutions (DFIs). As used in this report, the term DFI refers to an entity that provides officially-backed (or government-backed) support (e.g., through direct loans, loan guarantees, or insurance) for private sector investment in developing countries. 37

The investment financing landscape is dynamic. Traditionally, foreign direct investment (FDI) largely has flowed from developed countries to developing countries. As such, DFIs historically have been concentrated in developed countries, like the United States and the other G-7 countries. However, as emerging market economies also become major sources of FDI, institutions in emerging economies such as China, Brazil, and India are becoming significant contributors of development finance as well.

The investment financing activities of DFIs fall outside of the forms of financing regulated by international disciplines through the Organization for Economic Co-operation and Development (OECD). 38 As such, there is no central, comprehensive source of information on the investment financing activities of OECD member countries and non-OECD members (such as China, Brazil, and India). 39 Countries vary in terms of how much information they publish regarding their activities. Authoritative information on the full extent of China’s investment financing activities is especially considered to be limited.

37 It is important to note that development finance can take place through other means that do not directly involve supporting the private sector. For example, the World Bank Group’s International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA) provide financial support to middle- and/or low-income governments for development purposes. For more information, see CRS Report R41170, Multilateral Development Banks: Overview and Issues for Congress, by Rebecca M. Nelson. As another example, the U.S. Agency for International Development (AID) supports activities in developing countries working through recipient country governments and non-governmental organizations, rather than directly with private investors. However, within the OPIC context, the term DFI generally refers to the involvement of the private sector.

38 The OECD Arrangement on Officially Supported Export Credits (“the OECD Arrangement”) was created in 1978 to provide a framework on the use of officially-supported export financing. It guides the activities of the U.S. Export-Import Bank (Ex-Im Bank) and other foreign export credit agencies (ECAs) whose governments are members of the OECD. The OECD Arrangement established limitations on the terms and conditions for official export credit activity of OECD member countries, including the United States. The Arrangement includes financial terms and conditions in areas such as down payments, repayment terms, interest rates and premia, and country risk classifications. It contains notification procedures and reporting requirements for countries’ export credit activities to encourage transparency. Its role is to help “level the playing field” so that a country’s decisions to purchase goods and services are based on price and quality, rather than financing terms. The OECD lacks the authority to enforce its agreements, though member countries generally monitor other countries’ policies and actions.

39 The Berne Union, an international organization, represents export credit and investment insurance industries and is composed of 49 members, including OPIC. It maintains certain investment insurance statistics, but the publicly available information does not provide breakdowns by private sector and DFI activity.
Table 2. Selected Development Finance Institutions (DFIs)

<table>
<thead>
<tr>
<th>Development Finance Institutions</th>
<th>Sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bilateral</strong></td>
<td></td>
</tr>
<tr>
<td>Overseas Private Investment Corporation (OPIC)</td>
<td>United States</td>
</tr>
<tr>
<td>CDC Group (formerly Colonial Development Corporation, then Commonwealth Development Corporation)</td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial Development Cooperation (DEG)</td>
<td>Germany</td>
</tr>
<tr>
<td>Entrepreneurial Development Bank (FMO)</td>
<td>Netherlands</td>
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<tr>
<td>Japanese Bank for International Cooperation (JBIC)</td>
<td>Japan</td>
</tr>
<tr>
<td>Norwegian Investment Fund for Developing Countries (Norfund)</td>
<td>Norway</td>
</tr>
<tr>
<td>Proparco</td>
<td>France</td>
</tr>
<tr>
<td>Export-Import Bank of China; China Export and Credit Insurance Corporation (Sinosure); China Development Bank (CDB)</td>
<td>China</td>
</tr>
<tr>
<td>Brazilian Development Bank (BNDES)</td>
<td>Brazil</td>
</tr>
<tr>
<td>Export Credit Guarantee Corporation of India (ECGC)</td>
<td>India</td>
</tr>
</tbody>
</table>

**Regional**

African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB)

**Multilateral**

International Finance Corporation (IFC), Multilateral Investment Guaranty Agency (MIGA); part of The World Bank Group


*Notes:* This list of DFIs is not an exhaustive compilation, but intended to be illustrative of international DFIs.

Because of a lack of comprehensive information on the activities of DFIs, it can be difficult to make comparisons across countries. What follows are some general comparisons of OPIC and selected other DFIs, based on available information. However, it should be noted that the large variation in DFI characteristics demands caution in drawing any specific conclusions.

- **Ownership:** OPIC and certain other DFIs are owned exclusively by the public sector, such as CDC (United Kingdom) and DEG (Germany). Others, such as FMO (the Netherlands) and Proparco (France), have joint public and private ownership. Regional and multilateral DFIs (such as EBRD and IFC) have multiple shareholders from various countries.

- **Organizational structure:** Countries vary in how they organize their investment and export financing functions. The United States houses investment and export financing functions in two separate entities, OPIC (the official U.S. DFI) and the U.S. Export-Import Bank (the official U.S. export credit agency). The two agencies have different missions—with OPIC focused more on development goals and the Ex-Im Bank geared toward commercial goals—although they do coordinate on certain transactions. By comparison, in some other countries, these
functions are housed in the same entity.\textsuperscript{40} For example, JBIC (Japan) conducts both investment financing and export financing operations.

- **General activities**: The primary service offered by DFIs is to provide financing, but some DFIs also provide “project-specific and general technical assistance,” for example, to help support the implementation of investments. OPIC generally provides only finance support, and limited technical support. Many OPIC counterparts, on the other hand, do provide technical assistance.\textsuperscript{41}

- **Financial instruments**: DFIs provide investment support through a range of financial instruments. OPIC provides investment support through direct loans, loan guarantees, and political risk insurance; it does not have equity authority. In contrast, many other DFIs offer a larger suite of financial products, including equity. In some cases, equity is the primary focus of DFI activity, such as for CDC and Norfund.

- **Total portfolios**: By one U.S. government estimate, investment financing conducted by OECD countries totaled $82 billion in 2012, up from $47 billion in 2011.\textsuperscript{42} The size of portfolios by bilateral DFIs varies. For example, in 2012, some of the European DFIs (including those of France, Germany, and the United Kingdom) had portfolios of less than $10 billion each in 2012, while OPIC’s total portfolio stood at about $16 billion.\textsuperscript{43} It can be difficult to obtain data on investment financing by the non-OECD countries, though by one estimate, unregulated financing by China, Brazil, and India (including both export credit and investment financing) collectively was $58-$83 billion in 2012, up from $53-$78 billion in 2011.\textsuperscript{44}

- **Portfolio distribution**: DFIs support projects in a range of economic sectors. Traditionally, infrastructure and financial services have been major areas of focus, but support for other sectors, such as agribusiness, is also increasing. For emerging market economies’ DFIs, securing access to natural resources is a key focus or related outcome of development finance activities. For example, securing access to natural resources in sub-Saharan Africa is widely regarded as an important motivation for China’s investment financing in the region.\textsuperscript{45}

- **Policy requirements**: Requirements that projects must meet in order to receive support vary by DFI, such as with respect to environmental, worker rights, and

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\textsuperscript{40} Entities where investment and export financing functions are combined can variously be called, in some cases, either DFIs or export credit agencies (ECAs), depending on whether one function outweighs another or the analytical perspective.

\textsuperscript{41} Daniel F. Runde et al., *Sharing Risk in a World of Danger and Opportunities: Strengthening U.S. Development Finance Capabilities*, Center for Strategic and International Studies (CSIS), December 2011, http://csis.org/files/publication/111205__Runde_SharingRisk_Web.pdf. In the United States, other agencies, such as the Trade and Development Agency (TDA), provide technical assistance for development projects.


\textsuperscript{43} Annual reports of various DFIs.

\textsuperscript{44} Ex-Im Bank, *Report the U.S. Congress on Export Credit Competition and the Export-Import Bank of the United States*, for the period January 1, 2012 through December 31, 2012, June 2013, p. 144.

\textsuperscript{45} For example, see GAO, *Sub-Saharan Africa: Trends in U.S. and Chinese Economic Engagement*, GAO-13-199, February 2013.
other conditions. OPIC is widely regarded as having among the most extensive policy requirements for projects to receive its support. According to OPIC, it has been a leader among DFIs in “developing and applying environmental and social policies that advance long-term sustainable development....” While supportive of such goals, some U.S. investors may view these policies as translating into overly burdensome compliance requirements. In contrast to OPIC, DFIs of emerging market economies, such as China, generally are not considered to have as strong policy requirements, although environmental and other policy considerations may play a factor in their support.

**Issues for Congress**

The 113th Congress may take up a number of issues related to OPIC, chief of which could be a debate about OPIC’s reauthorization. As part of the reauthorization process or general oversight of agency, Congress also may examine the policy debate related to OPIC’s mission, the statutory conditions on OPIC’s support for investments, and the agency’s organizational structure.

**Reauthorization**

Congress may examine whether to reauthorize OPIC and, if so, the length of time for which to extend OPIC’s authority and under what terms. The FY2013 full-year continuing resolution (P.L. 113-6) extends OPIC’s authority to conduct its credit and insurance programs through FY2013. In recent years, Congress has renewed OPIC’s authority through the appropriations process (i.e., essentially a reauthorization waiver). The latest long-term, stand-alone reauthorization of OPIC was through legislation passed in 2003 (P.L. 108-158) that extended OPIC’s authority through FY2007. OPIC’s authorization lapsed during April –September 2008. During this period, OPIC was able to disburse funds for already committed projects, but unable to sign contracts for new projects.

From an operational standpoint, some argue that OPIC would benefit from multi-year authorizations or a permanent authorization, which may enhance OPIC’s capacity for long-term planning and ability to provide assurances to investors about OPIC programs. From an oversight perspective, others argue that periodic reauthorizations allow for enhanced congressional oversight of OPIC’s activities. It is worth noting that Congress has used the appropriations process to make adjustments to OPIC’s activities. For example, FY2010 appropriations language introduced requirements for further reductions of greenhouse gas (GHG) emissions associated with OPIC-supported projects (P.L. 111-117, Sec. 7079(b)). Nevertheless, some argue that the 113th Congress should consider OPIC reauthorization legislation, which could afford Members greater opportunity to weigh in on broader OPIC policy issues.

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47 For example, Sec. 7065(b) of the FY2012 appropriations act (P.L. 112-74, 125 Stat. 1252) states, “Notwithstanding section 235(a)(2) of the Foreign Assistance Act of 1961 [which states the expiration date for OPIC’s authority], the authority of subsections (a) through (c) of section 234 of such Act [i.e., investment insurance, investment guarantees, and direct insurance] shall remain in effect through September 30, 2012.

48 OPIC, Budget Request of the Overseas Private Investment Corporation: Fiscal Year 2009, Congressional Budget Justification, p. iii.
In recent years, Members of Congress have introduced various types of bills to extend OPIC’s authority. For example:

- Some bills have focused exclusively on extending OPIC’s authority. For example, in the 112th Congress, two bills were introduced to reauthorize OPIC through FY2015 (H.R. 2762 and S. 3627). Neither bill contained any other provisions.

- Other bills have sought to extend OPIC’s authority, as well as to make adjustments to OPIC’s activity. In the 111th Congress, a bill was introduced in the Senate (S. 705) to reauthorize OPIC until September 30, 2013. The bill, which was reported out of committee, included provisions related to the transparency and accountability of OPIC’s investment funds, OPIC’s authority to conduct projects in Iraq, and worker rights. In addition, it included prohibitions on OPIC assistance to entities in countries designated as state sponsors of terrorism.

- Bills on other policy issues have included a renewal of OPIC’s authority. For instance, in the 113th Congress, a bill was introduced in the House (H.R. 2548) to increase U.S. government support, including through OPIC, to assist SSA countries in increasing electricity access to support poverty alleviation and economic growth. The bill, among other things, would extend OPIC’s authority through FY2016.

The debate over reauthorization also could involve congressional consideration of other outcomes, such as privatizing or terminating the functions of OPIC (see “Organizational Structure” discussion below).

Debate about Rationales for OPIC

Over time, Congress has debated the acceptability of federal programs like OPIC that support private sector trade and investment. While OPIC’s goals of economic development through the mobilization of investment may have broad support, there are differing viewpoints on the U.S. economic effects of OPIC’s financing and insurance activities. Economists generally oppose the use of government resources to promote trade or investment abroad. They believe such intervention may distort the flow of capital and resources away from the most efficient uses. They also believe that by promoting investment abroad, OPIC may be crowding out, and thereby reducing, some domestic investment. Some critics also argue that OPIC support is directed towards companies whose overseas investments result in the outsourcing of U.S. jobs.49

In contrast, supporters argue that OPIC complements, rather than competes with, private sector investment. They note that OPIC screens proposed investments to determine whether the private sector could undertake the transaction without OPIC’s assistance, as well as to ensure that proposed investments would not affect U.S. employees negatively or displace U.S. production domestically or in overseas markets. Supporters also argue that OPIC rectifies “market failures,” such as imperfect information and barriers to entry. Individual firms may attach more risk to investing in developing economies due to imperfect information and, thus, be unwilling to

49 For examples of longstanding concerns, see Ian Vasquez and John Welborn, Reauthorize or Retire the Overseas Private Investment Corporation?, CATO Institute, Foreign Policy Briefing No. 78, September 15, 2003.
commit resources to investments in the least developed countries without OPIC’s guarantees.\(^{50}\) Supporters further point to the increased demand for OPIC’s services following the 2008-2009 international financial crisis and related shortfall in the availability of private sector financing as evidence of the continued economic importance of OPIC.

Differing perspectives also exist regarding OPIC’s foreign policy rationale. Some critics argue that certain countries no longer need OPIC support due to the successful transformation of their markets. Supporters maintain that many developing countries that are of key U.S. foreign policy interest continue to require the type of private sector-oriented support provided by OPIC.

A rationale for OPIC that may have broader-based support is its role in leveling the playing field for U.S. investors in overseas markets. The growing number of players in development finance and the growing volumes of investment financing have resulted in greater and varied competition for U.S. businesses—competition from firms in both developed countries and from emerging economies as they move up the value chain. To level the playing field, U.S. companies thus may seek OPIC assistance to counter the officially-backed investment support that their competitors receive from their national governments.

### OPIC’s Statutory and Policy Conditions

Congress may examine and revise OPIC’s programs and policies as part of general oversight and/or as a part of the reauthorization process. Areas of possible focus are discussed below.

### OPIC’s Authorities

A longstanding topic of debate is OPIC’s assumed lack of authority to take equity in the investments that it supports. Comparable foreign DFIs, such as those of the G-7 countries, generally have equity authority. Proponents argue that equity authority would enable OPIC to exert greater influence in an investment’s strategic goals and economic, social, and governance policies. They also contend that foreign DFIs may be more likely to partner with OPIC to support investments if OPIC has equity authority, thus, increasing OPIC’s ability to leverage its resources and generate a greater developmental return. Some also argue that OPIC could use the higher returns generally associated with equity investments to support additional investment projects.\(^{51}\)

However, there is a general philosophical resistance to the notion of the U.S. government taking an ownership stake in a private enterprise. Critics argue that OPIC may need to devote more resources to managing an investment in which it has equity, compared to an investment supported by OPIC through debt instruments alone. They contend that OPIC would not be able to take advantage of equity authority unless its resources were substantially increased. Furthermore, an equity stake in a private enterprise could possibly lead to additional risk and financial exposure.

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\(^{51}\) For example, see Daniel F. Runde et al., *Sharing Risk in a World of Danger and Opportunities: Strengthening U.S. Development Finance Capabilities*, CSIS, December 2011; and Benjamin Leo, Todd Moss, and Beth Schwanke, *OPIC Unleashed: Strengthening US Tools to Promote Private-Sector Development Overseas*, CGD, August 2013.
Some stakeholders also have called for OPIC to have a consistent ability to provide grants, such as for technical assistance, associated with its projects. Supporters of such proposals contend that they will enhance the effectiveness of OPIC’s support for projects. Critics contend that providing OPIC with a significant grant function would, to a large degree, duplicate the roles of AID and the TDA in development assistance.

**OPIC’s Policies**

In supporting U.S. private sector investment overseas, OPIC is required by statute to balance multiple policy objectives, including foreign assistance, development, economic, environmental, and other policy goals. Congress could evaluate how OPIC might prioritize and balance these various objectives.

OPIC’s environmental policies, in particular, have been the subject of vigorous stakeholder debate. OPIC is engaged in efforts to reduce the direct greenhouse gas emissions associated with projects in its active portfolio (i.e., all insurance contracts in force and all guaranty and direct loans with an outstanding principal balance) by 30% of over a 10-year period (June 30, 2008 – September 30, 2018) and by 50% over a 15-year period (June 30, 2008 – September 30, 2023). A combination of statutory, policy, and legal developments may factor into OPIC’s policy to reduce GHG emissions associated with its projects.

On the one hand, such efforts may serve U.S. environmental policy goals and could help to improve the sustainability of OPIC’s development finance efforts. On the other hand, some U.S. businesses argue that OPIC’s GHG emissions policy constrains their ability to utilize OPIC support. They contend that it can place them at a competitive disadvantage relative to foreign firms when competing for international project contracts, such as major infrastructure projects in SSA. Some other DFIs do not have the same level of policy restrictions that OPIC has, potentially enabling them to support a broader array of energy-related projects. In addition, from a development perspective, some argue that OPIC’s GHG portfolio emission reduction target prevents it from supporting investment projects that are likely to have the largest development impact.

**Targeted Areas for Investment Support**

Congress could consider opportunities for enhancing OPIC’s support for specific geographical regions, countries, or sectors that are of U.S. policy interest. For example, some Members of Congress, business groups, and other stakeholders assert that there is potential for greater support by OPIC for U.S. investment in Africa. Proposals have included providing additional federal resources to support OPIC investment promotion activity in Africa and/or directing OPIC and other federal agencies to dedicate designated amounts of financing and personnel to foster greater U.S. investment in Africa. While greater resources may increase capacity to promote investment, it is important to note that federal agencies’ allocation of funds for trade and

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54 For example, see S. 718 and H.R. 1777, introduced in the 113th Congress.
investment promotion is generally demand-driven. Thus, for example, if U.S. firms do not seek such assistance due to lack of sufficient commercial interest, such funds may not be fully tapped. At the same time, promotion of development finance opportunities by OPIC could motivate U.S. companies to become more engaged.

Organizational Structure

Congress may wish to examine OPIC’s organizational structure in terms of the agency’s effectiveness and efficiency in fulfilling its mandate. What follows are three possible areas of consideration.

- **Reorganization:** Congress could consider merging OPIC with other federal agencies as part of broader reorganization proposals. For example, the President proposed reorganizing the business- and trade-related functions of OPIC and five other federal entities—the Department of Commerce, the Ex-Im Bank, the Small Business Administration (SBA), the TDA, and the Office of the United States Trade Representative (USTR)—into one department in an effort to streamline the federal government and make it more effective.\(^\text{55}\) Other proposals offered by stakeholders include consolidation of federal agencies focused on promoting international development through private sector tools (such as OPIC, the TDA, and certain elements of AID), and consolidation of federal trade finance agencies (such as OPIC and the Ex-Im Bank).\(^\text{56}\) Reorganization prospects in the near-term are unclear, but the renewed focus has rekindled policy debates about whether reorganization would reduce costs and improve the effectiveness of trade policy programs, or undermine the effectiveness of federal agencies, given their differing missions.\(^\text{57}\)

- **Privatization/Termination:** Congress could consider privatizing or terminating OPIC. Supporters of such options may argue that OPIC’s self-sustaining nature is proof that there is no market failure. They also may hold the view that OPIC competes with or crowds out the private sector, which is more efficient and better suited than the federal government to support investments; and that OPIC’s activities impose potential costs and risks on U.S. taxpayers, since they are backed by the full faith and credit of the U.S. government. Those in favor of OPIC may argue that the federal government plays a unique role in addressing market failures; OPIC’s backing by the full faith and credit of the U.S. government may make certain transactions more commercially attractive or give OPIC leverage to guarantee repayment in a way that is not available to the

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\(^{56}\) For example, see U.S. Congress, Senate Committee on Foreign Affairs, Subcommittee on International Development and Foreign Operations, Economic Affairs, International Environmental Protection, and Peace Corps, “Updating US Foreign Assistance Tools and Development Policy for the Post-Aid World,” testimony by Todd J. Moss, Vice President and Senior Fellow, Center for Global Development, for hearing on “Different Perspective on International Development,” 113\(^\text{rd}\) Cong., 1\(^\text{st}\) sess.

\(^{57}\) For additional information on the policy debate, see CRS Report R42555, *Trade Reorganization: Overview and Issues for Congress*, by Shayerah Ilias Akhtar.
private sector; and federal investment support is critical when there is a shortfall in private sector financing.

- **OPIC internal oversight**: Congress could examine OPIC’s own internal oversight structure. Presently, AID’s Inspector General has legal authority to conduct reviews, investigations, and inspections of OPIC’s operations and activities, while external auditors conduct audits of OPIC’s financial statements and report findings to OPIC’s Board of Directors. There is debate about what structure is appropriate for carrying out the oversight and investigation functions of OPIC’s operations and activities. Given the differing roles of OPIC and AID—including OPIC’s emphasis on private sector financing and AID’s grant-making functions—some have called for establishing an Office of Inspector General (OIG) specific to OPIC. However, others may argue that the current OPIC-AID arrangement suffices or express concern about the additional resources a new OIG could require. Another possibility is directing the Ex-Im Bank’s OIG to conduct oversight of OPIC’s activities, although concerns could arise about the differences in the two agencies’ missions. Legislation has been introduced in the 113th Congress to establish an OIG within OPIC (H.R. 2548, H.R. 314).

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58 22 U.S.C. §2199(e).  
59 22 U.S.C. §2199(c).