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IN THIS ISSUE

OPIC insurance boosts projects in Central America & Caribbean

Message from the president

Angola & Nigeria benefit from OPIC support

Russia in focus:

▪ \$30 million OPIC loan helps micro and small banking customers

▪ New fund targets fast-growing companies

OPIC welcomes new vice president of insurance

UPCOMING EVENTS

see back page

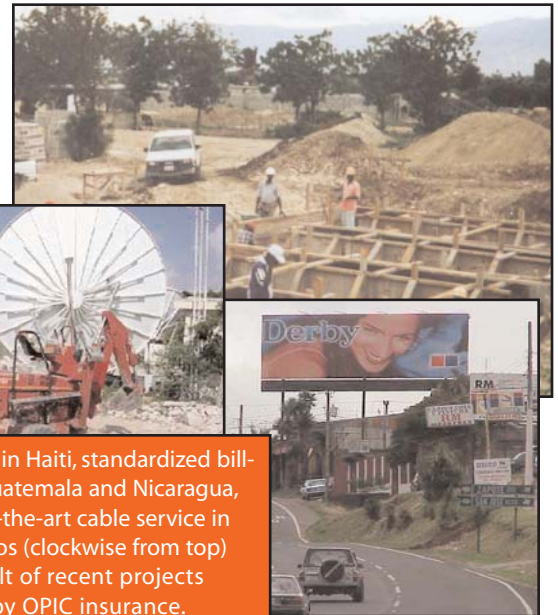
OPIC insurance boosts projects in Central America & Caribbean

Five projects in Central America and the Caribbean - each with myriad developmental benefits and two representing the expansion of US small businesses - will receive a total of \$63 million in OPIC political risk insurance, OPIC President & CEO Dr. Peter Watson announced.

✓ OPIC will provide \$15 million for a mortgage project in Guatemala that will help the country alleviate its housing shortage and to standardize its mortgage procedures. The project will raise \$100 million through a bond offering in US capital markets for the securitization of new home mortgages originated by banks in Guatemala; the mortgages will then be used as a source of repayment for mortgage-backed securities sold in the US.

✓ OPIC will provide \$25 million for the development of a four-star hotel in Haiti - the largest construction project ever undertaken in the country. Managed by Hilton International Company, the hotel will offer 288 room suites as well as meeting facilities and a business center. The project is expected to generate 370 local jobs.

✓ Also in Haiti, OPIC will provide \$18 million to the Haitian affiliate of Western Wireless International Corporation of



A new hotel in Haiti, standardized billboards in Guatemala and Nicaragua, and state-of-the-art cable service in Turks & Caicos (clockwise from top) are the result of recent projects supported by OPIC insurance.

Bellevue, WA, for the expansion of its nationwide wireless communications network, providing cellular telephone, domestic and long distance services.

✓ OPIC will provide \$500,000 to a US small business to expand its advertising operations to Guatemala and Nicaragua. Colite Outdoor of West Columbia, SC, will construct 15 billboards in residential and commercial areas of Guatemala City and in Managua, helping those cities to standardize billboard construction.

✓ OPIC will provide \$4.3 million to a small business, Blanchard TCI of Tampa, FL, to replace TV and cable service on the Turks and Caicos Islands with a state-of-the-art telecommunications system that will boost the islands' tourism and financial services industries.

MESSAGE FROM THE PRESIDENT

Symmetrical as it was, the year 2002 represented an opportunity for OPIC to come full circle: to return the agency to its developmental mission, and to ensure that OPIC's programs complement the private market, not compete with it. At year's end, we registered progress on each count. We were pleasantly surprised by how often the two goals weaved together a promising pattern of economic development.

Specifically, we endeavored to use OPIC's resources to support developmental projects in countries that look to U.S. investment to help create jobs, improve infrastructure, generate goods and services, and thereby contribute to free-market systems. At the same time, OPIC's drive to complement the private market meant helping small businesses which cannot secure private sector support to compete in the global marketplace.

OPIC's historic initiative with the US Small Business Administration -- integrating our

efforts to promote the expansion of U.S. small businesses into emerging markets -- and the establishment of the OPIC Small Business Center laid the foundation for complementarity.

The result? OPIC increased its support for U.S. small businesses by 380 percent in 2002, providing \$255.5 million of support to 32 companies, compared to \$67 million for 22 projects in 2001. That OPIC could register such a surge points to the willingness of U.S. small businesses to serve as a beachhead of overseas investment.

What was equally satisfying was to tally the developmental benefits of these projects: Florida and New York small businesses that are bringing state-of-the-art telecommunications systems to Turks & Caicos and Moldova, respectively; a Texas company that is developing a pump repair operation in Angola that will help the country's oil industry end reliance on overseas repairs; a California business that is expanding its



Dr. Peter S. Watson

software development branch in Pakistan, generating approximately 250 jobs.

We would like to believe this pattern - enabling US small businesses to expand into challenging overseas markets, to the multiplying benefit of all involved - represents OPIC at its best.

Angola & Nigeria benefit from OPIC support

A U.S. small business will utilize OPIC political risk insurance and financing to develop a pump and



motor repair operation in Angola that will help the country's oil industry end reliance on time-consuming overseas repairs and equipment replacement.

S&N International, LLC, of Houston will receive \$750,000 in OPIC insurance and \$495,000 in OPIC financing for the establishment of a pump and motor repair, testing, sales, and distribution business to be operated from a warehouse facility in Angola's Cabinda province. The project will service the drilling, production and engineering market segments of the offshore oil industry.

Because there are no local pump repair facilities in the region, S&N Pump Africa will provide immediate local maintenance and repair of pumping equip-

ment, helping to end the costly practice of replacing old equipment with new equipment from overseas or within stocked inventory.

In Nigeria, Decision Technologies

International, Inc. (DTI), a software company based in Wappingers Falls, NY, will use \$1.2 million in OPIC insurance to sup-



port the establishment of a project office that will provide software development, marketing, and training services in Nigeria's capital, Abuja. DTI's software solutions will improve management con-



trol capabilities, increase transparency, reduce procurement costs, and enable prospective investors to incor-

porate their businesses in Nigeria from any location in the world.

As DTI grows and the need for skilled workers increases, DTI plans to attract students from Nigerian universities by sponsoring science fairs and offering scholarships and on-the-job training in web-enabled software application development and other technologies.

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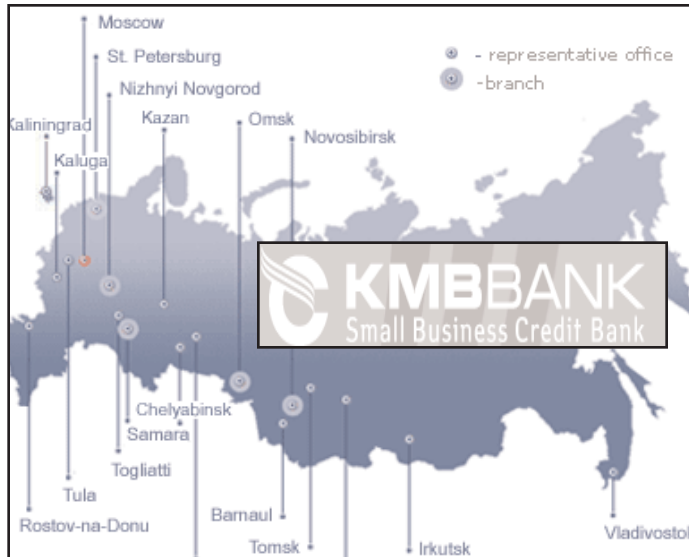
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Russia in focus:

\$30 million OPIC loan to KMB Bank helps micro and small banking customers

OPIC has committed to provide a \$30 million loan to Russia's leading micro- and small finance bank, Small Business Credit Bank (KMB Bank), enabling KMB to make small loans to micro, small and medium-sized customers investing in Russia, OPIC President and CEO Dr. Peter Watson announced in November.



Sponsored by the Soros Economic Development

Fund (SEDF), the OPIC loan will be used for short and medium-term financing of projects involving investment in industrial and production facilities for its micro and small-sized customers. KMB Bank will also offer working capital financing as well as financing of production equipment. KMB's loans will range in size from \$200 to \$300,000. SEDF is a significant shareholder in KMB Bank.

In addition, KMB management will provide intensive on-the-job training for loan officers, as well as formal training seminars and workshops.



Dr. Watson noted that the project will generate \$1.9 million in average annual tax revenues for the Russian government during its the first five years of operation and 90 permanent local jobs, all of them professional or technical.

"In addition to its direct benefits, this project will stimulate the local economy by providing credit to small businesses and entrepreneurs," Dr. Watson said. "We are pleased to work on a project which will enable micro and small banking customers to play an important role in the development of Russia's economic infrastructure."

KMB is Russia's leading small business banking institution with a current loan portfolio of \$125 million.

SEDF is a not-for-profit organization whose primary focus is mitigating the social consequences of economic reform in central and eastern Europe and the CIS, by supporting small and medium-sized business development through capital investment and the provision of loans and guarantees.

New fund targets fast-growing companies in Russia & region

Fulfilling a commitment made by President Bush in May, OPIC's board of directors has approved a \$210 million investment fund for Russia intended to support fast-growing businesses in consumer services industries. OPIC will provide a \$70 million investment guaranty to the fund, Russia Partners II, L.P., to be managed by New York and Moscow-based Russia Partners Management.

The fund will make direct investments in mid-sized companies that are new, expanding, or in the process of being privatized. It will focus on industries that provide basic goods and services to Russian consumers, including telecommunications, cement and construction materials, forest products, broadcasting and food processing.

The fund will focus primarily on Russia, but will also be available for investments in the Eurasian countries of Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

Dr. Watson noted that the fund manager was selected through a competitive process and that the fund is the first to be established under new OPIC guidelines by which the agency has reduced its support from two-thirds to one-third of the fund's total capital. Russia Partners will be obligated to raise the remaining \$140 million of the fund's capital.

OPIC welcomes new vice president of insurance

Michael T. Lempres, former executive vice president of the Pacific Exchange, was appointed OPIC vice president of insurance in December, OPIC President and CEO Dr. Peter Watson announced.

"OPIC is extraordinarily fortunate to have attracted someone with Michael Lempres's extensive experience in the development of integrated financial service and risk management products," Dr. Watson said.

From 2000 to 2002, Lempres served as executive vice president and general counsel of the Pacific Exchange, Inc., in San Francisco, a national securities exchange listing more than 1,200 stocks and one of the world's leading derivative markets.



New OPIC Vice President of Insurance
Michael Lempres.

From 1999 to 2000, Lempres served as general counsel with The Carmen Group, Inc., and from 1993 to 1999 practiced law at Vorys, Sater, Seymour & Pease, LLP, and Akin, Gump, Strauss, Hauer & Feld, LLP. While in practice, Mr.

Lempres was a civil and administrative law litigator whose clients included insurance companies and multinational corporations.

From 1989 to 1993, Lempres served in a variety of positions at the U.S. Department of Justice. He was a Deputy Associate Attorney General advising the Associate Attorney General responsible for oversight of all non-criminal components of the department. In addition, he served as executive commissioner of the Immigration and Naturalization Service.

Lempres received a J.D. from the University of California at Berkeley School of Law in 1985 and a bachelor of arts degree from Dartmouth College in 1981.

UPCOMING EVENTS

January 28-29, 2003, Washington, DC
Bankers' Association for Finance and Trade
20th Annual Midwinter Strategic Conference
Dr. Peter S. Watson, President and CEO
www.baft.org

February 4-5, 2003, Houston, TX
Russian Oil & Gas: Investment and Opportunity
James E. Gale, Regional Manager, Investment
Development- Europe and Eurasia
www.srinstitute.com/cr244

February 25-26, 2003, Miami, FL
5th Annual Structured Trade and Export Finance in
the Americas Conference
Ruth Ann Nicastri, Regional Insurance Manager
www.euromoneyseminars.com

March 12-13, 2003, Paris, France
8th Annual Projects International Conference
Dr. Peter S. Watson, President and CEO
www.icbi-uk.com

