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OPIC agreements beckon US investment to Africa

OPIC concluded two memoranda of understanding in March, both intended to leverage OPIC programs to increase levels of U.S. private sector investment in Africa.

The memorandum between OPIC and the African Trade Insurance Agency (ATI), a pan-African export credit agency established to promote trade and investment in Africa, effectively establishes a cooperative arrangement between OPIC and a new African counterpart.

OPIC President and CEO Dr. Peter Watson said the agreement "will do much to uncover the great secret of doing business in Africa, which is that rates of return on investment on the continent typically reach 30 percent, compared to 10 percent in the European Union."

The MOU calls for increased information-sharing; collaboration in promotion activities; identification of developmental activities for joint support; and the sharing of resources for such projects.



US Assistant Secretary of State Walter Kansteiner, pictured with Kenyan President Mwai Kibaki, signed an MOU on behalf of OPIC. (Photo: African Business)



OPIC regional insurance director Jim Williams, right, and Bernard de Haldevang, managing director of the African Trade Insurance Agency, signed an MOU under witness of OPIC insurance officer Conal Duffy.

ATI is a pan-African initiative supported by the World Bank and the EU whose objective is to encourage trade and investment in Africa by improving the terms of trade finance for imports into and exports from, as well as trade among participating African countries. ATI will provide to exporters trade credit and political risk insurance for trade and investment transactions.

The second MOU, between OPIC and the government of Kenya, envisions increased U.S. investment in the east Africa's largest economy.

The agreement commits OPIC and Kenya to work together to realize the "significant economic opportunities which exist in Kenya to create wealth and generate employment opportunities for Kenyans."

The agreement cites the housing sector as one among several presenting opportunities.

MESSAGE FROM THE PRESIDENT

Not 18 months ago, at the AGOA forum in Washington, D.C., President Bush announced that OPIC would establish a \$200 million support facility to promote U.S. investment in Africa as part of the Administration's efforts to augment U.S.-African trade following passage of the African Growth and Opportunity Act.

That challenge marshaled the innovative capability and imagination of OPIC staff to product an unprecedented burst of activity in sub-Saharan Africa. I am pleased to report that since the AGOA forum, OPIC has approved more than \$700 million in projects for sub-Saharan Africa, projects that gave substance to our efforts to refocus OPIC on its developmental mission and to empower small businesses to help meet that goal.

Some projects were large: OPIC is providing \$250 million in insurance for the drilling and repair of oils and gas wells in Chad -- the agency's first project in that country. Additionally, \$125 million OPIC on-lending

facility will expand access to capital for businesses throughout sub-Saharan Africa.

Other projects had great developmental benefits. In Sierra Leone, OPIC financing will enable a U.S. company to restart a rutile mine that served as the country's top export earner. Last autumn, I announced that OPIC would support projects designed to help four African nations meet long term developmental needs. Among them was a \$15 million loan guaranty to help house up to 500,000 low-income South Africans.

OPIC's board approved a \$250 million loan to provide treatment for HIV positive homeowners in South Africa, enabling them to keep their homes by guaranteeing banks against the risk of defaulted mortgage payments.

Other projects were far smaller, but enabled the transfer of crucial technologies from U.S. small businesses to their African partners. For example, OPIC is contributing a \$300,000 loan to a joint venture that will



Dr. Peter S. Watson

provide alternate cooking technology to households in Uganda that would otherwise depend on scarce wood or oil.

In short, OPIC is meeting the challenge President Bush laid before us. This performance has demonstrated the power of a just goal and the potential for the future.

US small business uses OPIC loan to expand access to safe drinking water in Mexico

OPIC financing will enable a U.S. small business to more than double its water purification facilities in an area of Mexico that was ravaged by a powerful earthquake in late January.

OPIC will provide a \$1.5 million loan to Faro de Agua, a small business run by Brad Schwarz of Mercedes, Texas and the Leaño family of Guadalajara in Jalisco, Mexico, to expand the company's curbside water purification and distribution sites - called *faros* - from 28 to 59 in



An OPIC loan will enable a US small business to expand its water purification kiosks -- called *faros*, right -- in areas of Mexico devastated by a powerful earthquake in January.

Colima state and the city of Matamoros in Tamil Lipas, Mexico. Colima was the epicenter of a January 21 earthquake which registered 7.8 on the Richter scale and killed more than two dozen people.

The *faros* are lighthouse-shaped automatic kiosks from which pedestrians draw water in one- or five-gallon quantities, at a

fraction of the cost - two and five pesos, respectively - of Faro de Agua's competitors. Water distributed from the *faros* is subjected to a multi-stage, reverse-osmosis purification and an ultra-violet light sterilization process that produces purified water.



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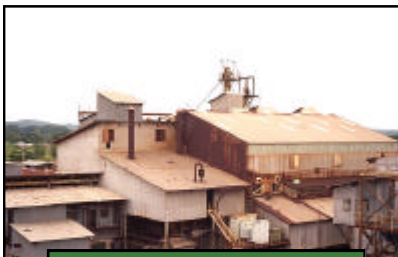
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West Africa in focus: OPIC loan helps restart mine in Sierra Leone; four airports in Nigeria get computer centers

OPIC support is helping key industries in Sierra Leone and Nigeria take their rightful places as engines for their respective economies.

OPIC financing will enable a U.S. company to restart a mine in Sierra Leone that tapped the world's largest deposit of rutile and was the primary export earner for the country before civil conflict interrupted its operation in the 1990s.

OPIC will provide a \$25 million investment



OPIC financing will enable Sierra Leone to restart its largest export earner, a rutile mine whose ores are used in paints, paper and plastics. Below, OPIC political risk insurance will allow a US small business to outfit four airports in Nigeria with Internet service centers.



guaranty to Sierra Rutile Limited (SRL) for the restart and expansion of its mineral sands mine in southwestern Sierra Leone. When phase one of the project is completed, the project will generate approximately 110,000 tons of rutile and 20,000 tons of ilmenite annually.

Rutile and ilmenite are both feedstocks for producing titanium dioxide pigments, which are utilized primarily in paint, paper and plastics.

SRL, under different owners, successfully operated the mine from 1979 to 1995 when it was shut down due to internal

conflict in Sierra Leone. The mine is the world's largest deposit of rutile, generating 25 percent of the world's natural rutile supply.

In Nigeria, OPIC political risk insurance will enable a U.S. small business to outfit four commercial airports with telecommunications and Internet service centers.

OPIC will provide \$2 million in insurance to NIS Solutions Inc. of Sterling, VA, for the establishment of busi-



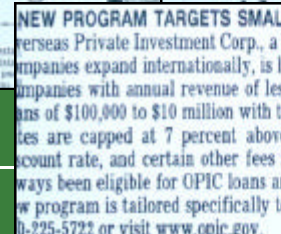
ness centers with high-speed data, telephony, and video connections at airports in Abuja, Lagos, Kano and Port Harcourt. The project will also provide video conferencing, international calling service, and Internet access to business travelers.

"The opportunity to close the gap in Internet connectivity between sub-Saharan Africa and the rest of the world is an important benefit of this project," OPIC President Dr. Peter Watson said. "OPIC is pleased that U.S. technology, in the form of software solutions and products, could enable Nigeria to more rapidly join the global marketplace."

Small business center hits the ground running

The word is out, it seems. OPIC's Small Business Center (SBC) opened a scant six months ago, yet has already approved \$40.1 million in political risk insurance and financing for 14 projects worldwide.

The projects range from housing construction in Bosnia to the conversion of a South African cattle ranch to a game reserve, to the employment of former Russian nuclear scientists for medical advances - but they all benefited from



the SBC's trademark innovation: a pledge to consider all applications from U.S. small businesses within 60 days. Any U.S. small business with annual revenues less than \$35 million is eligible for SBC support.

"The response to OPIC's Small Business Center has been fantastic," said SBC Director Gary Keel. "The combination of its streamlined procedures and small business's willingness to serve as pioneers in new markets suggests we have only begun to scratch the surface."

May forum to highlight **Arizona-Mexico** trade & investment opportunities

OPIC and other trade-related agencies of the U.S. government will host a forum in May designed to identify opportunities for Arizona companies interested in trade and investment in Mexico, America's second-largest trading partner.

Tucson will host the conference, where agency heads will provide overviews of the programs and services each

agency provides U.S. companies seeking to expand overseas. Additional agency officials will conduct workshops outlining trade and investment support in greater detail, and will meet individually with representatives of Arizona companies.



An OPIC-led trade & investment forum in Tucson will advance the goals of the U.S.-Mexico Partnership for Prosperity championed by presidents Bush and Fox.

WHAT: Arizona-Mexico Trade & Investment Forum

Sponsored by OPIC, the Tucson-Mexico Trade Office and the U.S. Department of Commerce's Tucson Export Assistance Center, in cooperation with the Export-Import Bank, the U.S. Small Business Administration, and the U.S. Trade and Development Agency

WHEN: May 5, 2003

WHERE: The Doubletree Hotel at Reid Park, Tucson, Arizona

REGISTRATION: Tucson-Mexico Trade Office (520) 791-5199

INFORMATION: www.opic.gov/arizona-mexico/



UPCOMING EVENTS

April 22-23, 2003, Washington, D.C.
Export-Import Bank 2003 Annual Conference
 Judyth Gilbert, External Affairs & Protocol Officer
www.exim.gov

April 28-29, 2003, London England
Energy Investments: Strategies, Risk Management & Current Practice
 Mark Stuckart, Regional Insurance Manager
www.ibcenergy.com

May 20-23, 2003, Luanda, Angola
7th African Oil & Gas, Trade & Finance Conference
 Jill Bezek, Insurance Officer
www.ite-exhibitions.com/og

June 8-10, 2003, Chicago, Illinois
Afghanistan: Rebuilding a Nation, co-sponsored by the U.S. Trade & Development Agency and the U.S. Department of Commerce
 Dulce Zahniser, Deputy Chief of Staff
www.trademeetings.com

