

# OPIC News

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## New department & partnership renew focus on small business

**OPIC** President and CEO Dr. Peter Watson announced in July that OPIC would create a new department focusing on small and medium-size businesses. That same week, OPIC and small business lender WorldBusiness Capital, Inc. (WBC) entered into a cooperative agreement that will expand support for U.S. small businesses investing overseas and enhance the activities of OPIC's Small Business Center.

The Small and Medium Enterprise Department will be responsible for OPIC's Direct Loan program, which provides financing to small and medium-sized U.S. businesses with annual revenues under \$250 million. The Small Business Center, a special initiative for small businesses with annual revenues under \$35 million, will also be part of the new department.

Other finance activities will be housed in a new Structured Finance Department, which will be responsible for the current



*"As part of our efforts to refocus OPIC on its core mission, we made a commitment to be more responsive to the needs of small and medium-sized businesses. The creation of the Small Business Center was an important step in achieving this goal and I am pleased that the SBC has succeeded beyond our most optimistic expectations."*

Dr. Peter Watson  
OPIC President and CEO

Investment Guarantee program as well as special initiatives.

Dr. Watson and WBC President and CEO Brett Silvers signed a framework agreement authorizing a pilot program by which OPIC will provide loan guarantees for WBC projects pursuant to a risk-sharing arrangement. WBC will make loans with its own funds, and will continue to monitor and service each loan.

WorldBusiness Capital, Inc., a commercial finance company based in Hartford, Connecticut, intends to make OPIC-guaranteed loans of between \$250,000 and \$10 million to U.S. small businesses expanding into overseas markets.



Dr. Watson and WorldBusiness Capital (WBC) President and CEO Brett Silvers after signing cooperative agreement between OPIC and WBC.

MESSAGE FROM THE PRESIDENT

July was a landmark month for OPIC's efforts in support of U.S. small businesses. By announcing a new department for small and medium-sized businesses, and by entering into a cooperative agreement with small business lender WorldBusiness Capital, Inc. (WBC), we institutionalized those efforts at the highest level. In so doing, we made delivery - results - and service two standards by which our efforts will be judged.

The new Small and Medium Enterprise Department will be responsible for OPIC's direct loan program, which provides financing to U.S. businesses with annual revenues under \$250 million. The Small Business Center will also be part of the new department.

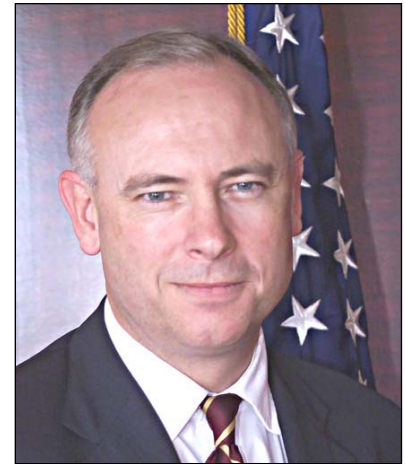
OPIC's framework agreement with WBC authorizes a pilot program by which OPIC will provide loan guaranties for WBC projects pursuant to a risk-sharing arrangement. WBC will make loans to U.S. small businesses with its own

funds, and will continue to monitor and service each loan.

These developments, however seminal in OPIC's history, need the dimension of a real example in order to demonstrate their value to both U.S. small businesses and developing countries alike.

Consider that \$10 million in OPIC financing will enable a U.S. small business to undertake the development of a downtown hub in the former Gdansk shipyard in Poland, including preservation of key monuments to the Solidarity Movement. The undertaking is the largest urban renewal project currently underway in Europe.

By helping to introduce a downtown area to Gdansk, which lacks a place where people may shop or reside, and by preserving the Solidarity monuments, this project provides unique and intangible benefits that go beyond the norm.



Dr. Peter S. Watson

Producing benefits 'beyond the norm,' however, is a hallmark of U.S. small businesses, and we at OPIC very much look forward to sharing that benefit with our partners in emerging markets.

U.S. small business uses OPIC loan to increase cashmere wool exports from Afghanistan

OPIC financing will enable a U.S. small business to increase cashmere wool exports from Afghanistan and thereby provide significant seasonal employment for Afghan women.

OPIC will provide a \$3 million loan to American Wool-Cashmere Inc. of Takoma Park, Maryland, enabling the company to provide greater liquidity to its Afghan suppliers, in turn facilitating their ability to purchase cashmere wool from local farmers and thus stimulating production. More seasonal employees - typically middle-aged and elderly Afghan women - would be hired as a result.

The wool is sheered from goats owned by small farmers, who sell the unprocessed wool to suppliers working



Photo by PeaceXPeace



Seasonal employment of Afghan women will be aided by an OPIC loan to a U.S. small business seeking to increase cashmere wool exports from Afghanistan.

with American Wool. The suppliers hire large numbers women to remove the coarse surface wool. Although the employment is seasonal, it lasts four to five months, and follows the country's

harsh winters.

"OPIC is pleased to work with a U.S. small business to assist in the reconstruction of Afghanistan's economy," said OPIC President and CEO Dr. Peter Watson.

FOR MORE INFORMATION:

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# Eastern Europe in focus:

## U.S. small business uses OPIC loan to turn Gdansk shipyard into downtown hub



OPIC financing will enable a U.S. small business to undertake the development of a downtown hub in the former Gdansk shipyard in Poland, including preservation of key monuments to the Solidarity

The project will ensure the preservation of key Solidarity buildings and monuments, as well as the environmental remediation of a former heavy industrial site, while ensuring continued productive use of the slipway area by the shipyard.

Movement and its role in introducing democracy to the country.

The undertaking is the largest urban renewal project currently underway in Europe.

OPIC will provide a \$10 million loan to Synergia, a company sponsored by an OPIC-supported investment fund, Emerging Europe Fund for Sustainable Development, and its parallel U.S. fund, Emerging Europe Fund II, for the development of a business and cultural center, including housing, on 181 acres of the former Gdansk shipyard in central Gdansk, a major Polish city that lacks a downtown hub.



Gdansk Glowny Train Station, above, and the Solidarity Museum are two attractions near the Gdansk shipyard in Poland that will anchor a downtown development project supported by an OPIC loan.

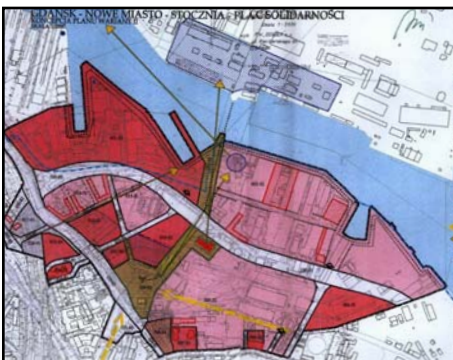


Furthermore, upon the approval of the master plan by the City of Gdansk, the project sponsors intend to exchange with the City of Gdansk land designated for public use, including historical sites such as

Solidarity Square, a central public passageway entitled "Walk of Freedom" following the original path of the Solidarity Union shipyard workers, and a Center for Democracy to be used as an international diplomatic meetinghouse. Also upon approval of the master plan, the sponsors' intention is to donate the site of the famous BHP Hall, which is now a museum commemorating the sacrifice and success of the Solidarity movement.

sponsors' intention is to donate the site of the famous BHP Hall, which is now a museum commemorating the sacrifice and success of the Solidarity movement.

"OPIC is pleased to work with a U.S. small business on a project which offers so much for Poland's economic development and historical preservation," OPIC President and CEO Dr. Peter Watson said. "By helping to introduce a downtown area to Gdansk, which lacks a place where people may shop or reside, and by preserving the Solidarity monuments, this project provides unique and intangible benefits that go beyond the norm."



## OPIC board OKs financing for Russian oil project

OPIC's board of directors approved \$130 million in OPIC financing for the construction of an oil products export terminal in Russia, enabling that country to expand its export capacity in a cost-effective manner.

OPIC will provide the loan guaranty to HBK Fund LP, a Delaware limited partnership based in Dallas, Texas, for a loan the fund will make to an indirect subsidiary of OAO LUKOIL, Russia's leading oil producer. In its capacity as



OPIC will provide \$130 million in financing for the construction of an oil export terminal in northern Russia. Above, a tank farm is constructed at the project site in Vysotsk.

financial consultant to OAO LUKOIL, Fluor Corporation has assisted in structuring and arranging the OPIC-based financing.

The project consists of the construction and operation of a crude oil and petroleum products export terminal on the western coast of Vysotsky Island on the Gulf of Finland, north of St. Petersburg. OPIC financing will specifically cover the first two phases of the project, including construction of rail links and upgrades, two tank farms and a marine jetty, as well as dredging in the Gulf of Finland to allow for the passage of crude and product tankers.

# Watson receives special achievement award from Small Business Exporters Association

OPIC President and CEO Dr. Peter Watson in July received the Special Achievement Award of the Small Business Exporters Association (SBEA), for his "path-breaking efforts at OPIC on behalf of small and mid-sized companies," according to the SBEA.

"The establishment of OPIC's new Small Business Center, as well as OPIC's historic initiative with the U.S. Small Business Administration (SBA) - both undertaken within the past 12 months - have dramatically enhanced American support for U.S. small businesses and their efforts to expand in emerging



OPIC President and CEO Dr. Peter Watson, center, is presented with the Special Achievement Award of the Small Business Exporters Association (SBEA) by SBEA President James Morrison, left, and SBEA Chairman

markets," said SBEA President James Morrison, who presented the award at SBEA's annual meeting. "Today's award

is SBEA's expression of gratitude to Dr. Watson and OPIC for their hard work, and subsequent results, on behalf of American small businesses."

Since its establishment in October 2002, OPIC's Small Business Center has approved \$57 million in financing and \$3.4 million in political risk insurance for 21 small business projects. The projects range from insurance support for a U.S. manufacturer donating a brick-making machine for school construction in Afghanistan, to an OPIC loan for a small business providing up to one million children daily in Central America with affordable nutrition.

## UPCOMING EVENTS

**September 16-19, 2003, San Diego, California**  
**District Export Council's 2003 National District Export Council Conference**  
[www.2003decconference.com](http://www.2003decconference.com)

**September 24, 2003, St. Petersburg, Russia**  
**OPIC-sponsored Investment Conference**  
 More details to follow  
[www.opic.gov](http://www.opic.gov); [krobe@opic.gov](mailto:krobe@opic.gov)

**September 28-30, 2003, Detroit, Michigan**  
**U.S.-Arab Economic Forum**  
[www.usaeforum.org](http://www.usaeforum.org)

**November 17-19, 2003, Bucharest, Romania**  
**OPIC-sponsored Investment Conference**  
 More details to follow  
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