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IN THIS ISSUE

OPIC board approves financing for three new investment funds

Message from the President

US small business uses OPIC loan to build single-family homes in Afghanistan

Partners Program in focus:

▪trade and foreign policy organizations help extend OPIC's outreach

OPIC, US small business form co-lending facility for Africa

OPIC establishes support facility to aid Brazilian information technology sector

UPCOMING EVENTS

see back page

OPIC board approves financing for three new investment funds

OPIC's board of directors in October approved up to \$245 million in OPIC financing to help establish three new investment funds with a combined capitalization of more than \$1.5 billion.

All of the funds will target projects in global emerging markets, such as those in Africa, Asia, central and eastern Europe, Latin America, and the Middle East. One in particular will focus on investments in water projects, another on small and medium-sized enterprises.

In the first fund, OPIC will provide an investment guaranty of up to \$75 million to the Economic Freedom Support Initiative, which aims for a total fund capitalization of \$100 to \$150 million. The Initiative will make investments in small and medium-sized enterprises in a wide range of countries with low per-capita income levels that demonstrate a commitment to sound political, social and economic policies.

The board approved an OPIC guaranty of up to \$70 million for the second fund, Aqua International Partners II, which will invest in companies involved in the treatment, supply, distribution or protection of water in emerging markets. The fund has a total capitalization target of \$220 million for investment in emerging markets, as part of a

global water fund with target capitalization of \$400 million. The fund is a successor to Aqua International Partners I, formed in 1997 with \$235 million in commitments, including an OPIC investment guaranty of \$150 million.

The fund will in particular target investments in projects involving products and equipment; desalination; bottled water and beverages; and infrastructure, with an eye to improving quality and safety, resource maximization, convenience of delivery and competitive pricing.

Finally, the board approved a guaranty of up to \$100 million for AIG Global Emerging Markets Fund II, which will invest in a global portfolio of companies operating in emerging markets in Asia, Europe, Latin America, the Middle East and Africa. Capitalization target of the fund is \$1.2 billion.



Water projects such as the one supported by Living Water International in Kenya, above, will be the focus of the new Aqua International Partners II Fund. OPIC's board of directors approved a \$70 million investment guaranty for the fund in October.

MESSAGE FROM THE PRESIDENT

OPIC's work has been focused squarely - and rightly - on luring U.S. private sector investment to places American companies might otherwise not consider: countries rebuilding after decades of conflict, such as Afghanistan and those of south-eastern Europe; and regions, such as Africa and Latin America, which offer significant return on investment to the U.S. investor willing to take a good look.

A less exotic, but equally important, part of that focus involves reaching out to the broad American business community, to let U.S. companies know precisely what OPIC offers them as they consider expanding into emerging markets. This is no mean task, given the breadth of the community and OPIC's modest size.

To make its outreach effective, OPIC therefore relies on the many umbrella organizations around the United States whose mission it is to provide their regional and local business constituents with information about investment opportunities that

exist both home and abroad. Simply put, these organizations provide OPIC an invaluable multiplier effect that gets the agency's message out to ever-greater numbers of U.S. businesses.

It was just that logic that led OPIC to announce a Partners Program with trade and foreign policy organizations nationwide, to increase public knowledge of OPIC's work.

Through the program, OPIC will work with key organizations throughout the United States to create a greater understanding of OPIC's programs. By utilizing the resources of geographically-diverse organizations, information about OPIC will be disseminated to a larger business audience.

All of the organizations invited to be the first OPIC Partners have demonstrated both exemplary leadership in their field as well as a strong commitment to enhancing public understand-



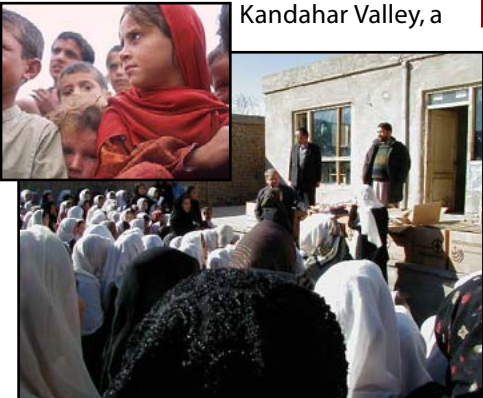
Dr. Peter S. Watson

ing of overseas investment. We look forward to working with these organizations and to adding new partners in the future.

U.S. small business uses OPIC loan to build single-family homes in Afghanistan

In a significant boost to Bush Administration efforts to support the reconstruction of Afghanistan, OPIC financing will enable a U.S. small business to build more than 2,500 homes near the southern city of Kandahar.

OPIC has concluded a loan agreement to provide a \$3 million loan to AFCO - Kandahar Valley, a



subsidiary of AFCO International of Chantilly, VA, for the construction of more than 2,500 single-family homes and associated infrastructure such as roads, water and sewer systems, and community buildings, including a school. The homes are the first stage in a project designed to construct more than 20,000 homes, shops and community infrastructure; the result, called Kandahar Valley, will provide moderately-priced housing to an area devastated by more than 20 years of conflict.

AFCO International is comprised of Afghan-American businessmen who pooled their resources to help the reconstruction of Afghanistan. Kandahar Valley derives from their desire to improve health conditions in the city. The company was deeded 10,000 acres of previously government-owned land by the city for the project.

"Brick by brick, the goals for the reconstruction of Afghanistan are starting to materialize with the critical involvement of U.S. private sector investment supported by OPIC," OPIC President and CEO Dr. Peter Watson said.

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Partners Program in focus: Trade and foreign policy organizations help extend OPIC outreach

OPIC has established a Partners Program with trade and foreign policy organizations nationwide to increase public knowledge of OPIC's work.

"The Partners Program is an important part of our public diplomacy efforts because it will expand awareness of OPIC's role as the primary U.S. government agency supporting private sector investment in emerging markets," OPIC President and CEO Peter Watson said.

OPIC will work with key organizations throughout the country to create a greater understanding of OPIC's programs and activities. By utilizing the resources of geographically-diverse organizations with different memberships, information about OPIC will be disseminated to a larger audience.

"All of the organizations invited to be the first OPIC Partners have demonstrated both exemplary leadership in their field and region as well as a strong commitment to enhancing public understanding of overseas investment," Dr. Watson continued. "We look forward to working with these organizations and to adding new partners in the future."

Bruce Portillo, Director of Membership and Communications for the Bankers Association for Finance and Trade, said, "BAFT takes pleasure in agreeing to join OPIC's Partners Program. This step further cements a relationship going back many years and will provide BAFT's members with a continuing array of innovative financing vehicles to accommodate offshore transactions."

OPIC, U.S. small business form co-lending facility for Africa



OPIC's board of directors in October approved a \$100 million loan for the establishment of a co-lending facility by which OPIC, a U.S. small business and a leading South African bank will make loans to projects in sub-Saharan Africa, helping the region overcome a scarcity of long-term commercial lending.

OPIC's financing will enable a new company, SABLE Finance, to provide loans to qualified projects in OPIC-eligible countries in sub-Saharan Africa. SABLE will be created by Tusk Capital, a U.S. small business, and Rand Merchant Bank (RMB) of South Africa. RMB will originate individual downstream loans by SABLE and will manage its portfolio. OPIC will approve each loan based on OPIC statutory and policy requirements, such as U.S. effects, environmental, human and workers' rights.

"This co-lending will enable OPIC to expand its lending activity and developmental support in sub-Saharan Africa, where medium and long-term commercial lending is scarce and capital markets not well-developed," OPIC President and CEO Dr. Peter Watson said.



Not pictured: International Trade Association of Greater Chicago

OPIC establishes support facility to aid Brazilian information technology sector

OPIC President and CEO Dr. Peter Watson in October announced the establishment of a \$150 million support facility to promote information and communications technology partnerships between the U.S. private sector and Brazil, and underscored the opportunity for partnership that digital television (DTV) offered Brazil and the United States.

The facility will enable U.S. firms to access loan guaranties and political risk insurance for information technology projects in Brazil. Over the past three years, OPIC has approved financing and political risk insurance for projects in telecommunications,

cellular telephony, cable, wireless and television. The announcement comes as the agency has focused additional attention on telecommunications and information technology projects as a tool in promoting OPIC's development mission.

Additionally, the support facility will advance the Bush Administration's "One Hemisphere" initiative to create common markets for North and South America by promoting common standards in the Americas for the next wave of technological upgrades, especially in the region's free over-the-air broadcasting infrastructure, which is poised to go digital.



Brazilian President Luiz Inacio Lula da Silva, left, with President Bush at the White House.

"Brazil and the United States can help the Americas achieve superior performance by working together to create common hemispheric standards through practical business partnerships that mean real jobs as well as broader social benefits," Dr. Watson said.

UPCOMING EVENTS

November 3-4, 2003, Manila, Philippines
4th Annual Asia Pacific Political Risk, Project Finance & Trade Credit Conference
 Marc Monheimer; Associate General Counsel
www.abc-asia.com

December 8-10, 2003, Miami Beach, FL
27th Miami Conference on the Caribbean Asia: Strengthening the Third Border
www.claa.org

March 9-12, 2004, Paris, France
Latest Trends and Developments in Project Finance
 Robert Drumheller, Vice President of Structured Finance
www.icbi-uk.com

March 2004, Bucharest, Romania
Investment Conference: Forging New Partnerships in Emerging Europe
 Dr. Peter S. Watson, President and CEO
<http://www.trademeetings.com>

