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President Bush signs OPIC reauthorization into law

President George W. Bush on December 3 signed into law legislation which reauthorized OPIC for four years, through September 30, 2007. The bill, S. 1824, was passed by the House of Representatives on November 19 and by the Senate on November 14.

Besides providing long-term operating authority for the agency, the legislation provides the agency with enhancements to its political risk insurance program and authorizes a new local currency guaranty program. Congressional sponsors also commended OPIC for its new emphasis on small business and directed the agency to collect data on support provided to minority- and women-owned businesses.

"We at OPIC are grateful to President Bush for concluding the reauthorization process, and to both the Administration and Congress for their invaluable contributions to OPIC as manifested in the final legislation," said OPIC President and CEO Dr. Peter Watson. "The entire

process reflected both branches' confidence in the new direction of the agency, and we will work diligently in the future to justify that faith."

During House debate on the reauthorization bill, Congressman Dana Rohrbacher (R-CA),

formerly critical of the agency, said, "Things are changing for the better at OPIC. OPIC funds are now being channeled to business initiatives that promote democracy and justice and are in the interests of the American people."

Rep. Doug Bereuter (R-NE) said support for reauthorization would "ensure that OPIC continues to play a developmental role in frontline states such as Pakistan and Afghanistan and will permit it to implement investment and financing programs in Iraq at a minimal cost to the American taxpayer."



President Bush, pictured earlier in the year, signed OPIC's reauthorization into law on December 3. His signature followed House and Senate approval of the measure in November.

On the other side of the aisle, Congressman Congressman Earl Blumenauer (D-OR) said that with OPIC's important role "comes a responsibility to ensure that projects promoted by OPIC uphold adequate environmental, labor and human rights standards. I am pleased that OPIC is taking steps to ensure this responsibility is upheld."

MESSAGE FROM THE PRESIDENT

The Plan of Action from the World Summit on the Information Society (WSIS), held December 10-12 in Geneva, states that all stakeholders have an important role to play in the information society, especially through partnerships.

"Governments have a leading role in developing and implementing comprehensive, forward looking and sustainable national e-strategies...The commitment of the private sector is important in developing and diffusing information and communication technologies (ICTs), for infrastructure, content and applications. The private sector is not only a market player but also plays a role in a wider sustainable development context."

The WSIS outlook embodies much of OPIC's approach to the telecommunications and IT sectors. We, too, recognize their enormous capacity to drive economic growth in emerging markets, and therefore opportunities for American IT and telecom companies to stimulate

such growth. Largely for that reason, I announced at the summit that OPIC would establish a preliminary \$400 million support facility to encourage U.S. investment in the telecommunications and IT sectors of emerging markets globally.

The facility will be used to support U.S. investments in telecommunications and IT projects which promote the use of ICT-based products, networks, services and applications to assist countries in overcoming the digital divide. Our belief is that telecommunications and IT industries will in particular catalyze 'old economy' sectors such as education, health and agriculture, as well as create opportunities in newer sectors, including e-business and software development. The announcement follows another, in October, that OPIC would establish a \$150 million support facility to promote information and communications technology partnerships between the U.S. private sector and Brazil.



Dr. Peter S. Watson

With these initiatives, OPIC is committed to making an important contribution to the final objective of the summit: "to promote the use of information and knowledge for the achievement of internationally agreed development goals."

OPIC announces \$400 million support facility for IT & telecom sectors

OPIC President and CEO Dr. Peter Watson announced in December that OPIC would establish a preliminary \$400 million support facility to encourage U.S. investment in the telecommunications and information technology

(IT) sectors of emerging markets globally. Dr. Watson made the announcement at the World Summit on the Information Society in Geneva.

The OPIC facility will be used specifically to support U.S. investments in telecommunications and IT projects which promote the use of information and communication technology (ICT)-based products, networks, services and applications to assist countries in overcoming the digital divide. In so doing, it addresses several of the major goals outlined by the summit organizers.

critical role in developing and diffusing new technologies to those markets. For those reasons, and because the sector is a strategic priority for OPIC, we are establishing a support facility to help draw U.S. investment into new markets internationally," Dr. Watson said.



Projects such as an OPIC loan to a U.S. small business for state-of-the-art telecommunications service on Turks & Caicos, above, will be targeted by a new \$400 million OPIC support facility.

"Dependable and current telecommunications and IT infrastructure represent a cornerstone for sustainable development and economic growth in emerging markets around the world. And, as the summit recognizes, the private sector will play a

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Asia in focus:

OPIC loans support women's clothing project in Afghanistan, safe drinking water in Philippines

Small OPIC loans will yield large developmental and economic benefits in Afghanistan and the Philippines, OPIC President and CEO Dr. Peter Watson announced in December.

In the first project, a U.S. small business will use an OPIC loan to establish a women's fashion enterprise in Afghanistan. OPIC will provide a \$150,000 loan to Tarsian & Blinkley of San Francisco,



Afghanistan. OPIC will provide a \$150,000 loan to Tarsian & Blinkley of San Francisco,

Sarah Takesh's U.S. small business will use an OPIC loan for a women's clothing project in Afghanistan: "We believe working in Afghanistan will give us access to an exceptionally talented and abundant pool of handiworkers who can produce items very much in demand by the market."



CA, which specializes in

designing and manufacturing ready-to-wear apparel and accessories for women using handiwork techniques unique to Afghanistan, to establish a business in Kabul and market its products for sale in Europe and selected U.S. cities.

Tarsian & Blinkley's products will include hand-embroidered, beaded, or hand-crocheted women's up-market clothing, as well as necklaces, bracelets, and anklets made of beads, silver, copper and occasionally semi-precious stones. The business will use raw materials from Afghanistan and India; accessories and jewelry will be purchased from local artisans.

In the second project, an OPIC loan will help the Philippines meet a growing demand for bottled water by enabling a manufacturer to sell purified water to residential and commercial customers in the country.

OPIC will provide a \$348,000 loan to Golden Cypress Water Company, a bottled water manufacturer and distributor which is 40-percent owned by two U.S. citizens, to finance the start-up of an operation which will sell purified water for both residential and commercial customers on Mactan Island. The company will pump water from an on-site aquifer; purify it through a reverse osmosis membrane system; then bottle, market, sell, and distribute it.

Dr. Watson noted that the Philippines currently lacks an adequate, reliable, and safe municipal water supply system:



in metropolitan Manila, only 60 percent of the population is served by the water utility. Consequently, there is heavy demand for bottled water.

"The bottled water industry in the Philippines has thrived in recent years, but substantial demand remains for safe drinking water. OPIC is pleased to contribute to a project that will help meet this important need," Dr. Watson said.

OPIC conference to highlight eastern Europe

OPIC will host an conference in Bucharest, Romania, next March to highlight investment opportunities in eastern Europe for both U.S. and local companies looking to undertake joint ventures in the region and in new markets such as Afghanistan and Iraq.

The conference, **Forging New Partnerships in Emerging Europe**, will target opportunities in Albania,



Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia and Montenegro, Slovakia and Slovenia. Key sectors to be highlighted include information and communications technology, housing and tourism infrastructure, power and transportation. The conference will feature presentations by officials from each government, investment overviews from businesses, and one-on-one matchmaking meetings.

Also participating in the conference will be the Export-Import Bank of the United States, the U.S. Trade and Development Agency and the departments of Commerce and State. The Marriott Hotel in Bucharest will host the March 9-11 event.

OPIC issues call to manage investment fund for Asia

OPIC has issued a call for proposals to manage a private equity investment fund intended to increase investments in businesses in Asia, OPIC President and CEO Dr. Peter Watson announced in December.

OPIC will contribute up to \$75 million, with the balance to be raised by the fund manager. The fund will target all OPIC-eligible countries in Asia.

The fund is intended to provide capital for new business development and existing company expansions, as well as restructurings and privatizations. The fund will be eligible to invest in a wide range of sectors,



which will be determined by the selected fund manager.

Responses to the call for proposals will be assessed according to their credibility and investment strategy, track record of the prospective manager, and the manager's ability to raise the targeted capital, among other criteria. OPIC has retained Pacific Corporate Group LLC, an independent private equity manager and advisor, to assist in designing the fund and evaluating management proposals.

"In establishing this investment fund, OPIC is working to expand economic development by providing the kind of access to long-term capital that is a challenge for those looking to invest in Asia's emerging markets," Dr. Watson said.

UPCOMING EVENTS

January 11-13, 2004, Amman, Jordan
Outreach 2004: Addressing the Needs of Iraq
Ross J. Connelly, Executive Vice President
www.kallman.com/outreach

February 9-11, 2004, London, England
Insuring Export Credit Political Risk, 14th Annual Convention
Michael Lempres, Vice President of Insurance
www.abc-financial.com/exportcredit

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
www.trademeetings.com

