

OPIC News

November 2004
Vol.6 No.8

Published by the **Overseas Private Investment Corporation**
An Agency of the United States Government

IN THIS ISSUE

OPIC projects update mortgage and leasing sectors in Russia

Message from the President

U.S. small business uses OPIC loan to build affordable housing in Kenya

Central Asia in focus:

U.S. small businesses use OPIC support for oil project in Azerbaijan, hotels project in Uzbekistan

OPIC partners to improve diamond production globally

US small business uses OPIC loan to provide fixed wireless service in Brazil

UPCOMING EVENTS

see back page

OPIC projects update mortgage and leasing sectors in Russia

OPIC financing will support the modernization of two sectors of Russia's economy - mortgage lending and equipment leasing - that should in turn stimulate additional economic growth throughout the country.

DeltaCredit is a commercial bank owned in large part by the U.S. Russia Investment Fund, a U.S. non-



OPIC's board of directors in October approved \$125 million in financing to enable DeltaCredit Bank to more than triple its residential lending in Russia, helping that country meet an enormous demand for mortgage services.



profit corporation capitalized through a grant from the U.S. Agency for International Development.

OPIC will provide a facility to DeltaCredit Bank to expand its portfolio of residential mortgages in the Moscow



Label printers, street carts and pizza ovens are examples of the equipment Europlan has leased to small businesses in Russia. A \$30 million OPIC loan will enable Europlan to expand throughout the country.

Also in October, OPIC began to disburse a \$30 million loan which will enable a company, Europlan, to expand significantly its leasing of equipment, automobile and real estate capital to small and medium-sized enterprises (SMEs) in Russia. The latter are often unable to access capital in the Russian financial system; assisting the growth of

non-extractive-industry SME businesses should help the Russian economy diversify, mature and stabilize.

and St. Petersburg regions to over \$268 million by the end of 2006 in a wider geographic range within Russia. OPIC's financing will also allow DeltaCredit to provide its customers with longer-term mortgage loans, enabling borrowers to reduce significantly their monthly payments.

Europlan, owned by Baring Vostok Capital Partners, has undertaken more than 1000 successful leasing projects across 30 regions of Russia since 1999, providing equipment, real estate and vehicle leasing products on affordable terms, and has received funding from the U.S. Export-Import Bank among several institutions.

MESSAGE FROM THE PRESIDENT

The projects OPIC chooses to support are no random matter. With an eye to maximizing its developmental reach, the agency works hard to select projects in sectors likely to serve as foundations for further economic growth in the emerging markets they represent.

Modernized mortgage services, for example, provide individuals and small businesses with vital capital for other investments - that is as true in Russia or Kenya as it is in the United States. When OPIC's board this month approved \$125 million in financing to enable DeltaCredit Bank to more than triple its residential lending in Russia, DeltaCredit's customers stood to benefit from longer-term mortgage loans, thereby making home ownership more affordable, and freeing up money for other uses.

In other instances, OPIC seeks out projects that will improve efficiency in sectors particularly important to a country's economy. Thus we are supporting a U.S. small busi-

ness that is building a new oil field equipment manufacturing facility in Azerbaijan, helping that country update its oil and gas infrastructure and take advantage of its significant potential in the sector.

That is also why OPIC has entered into a partnership with one of the world's leading diamond cutting company to improve diamond production and sales in Angola, Botswana, Namibia and the Russian Federation - all countries which rely importantly on income from the industry.

When one adds in a hotel project in Uzbekistan, a country whose many Silk Road attractions give it great tourism promise, the pattern to OPIC's support is clear: it is about the realization of economic potential. Countries stand at different points of the economic spectrum, some well aware of their best prospects and boasting an entrepreneurial energy to match, others only starting to feel their way. But they all share a desire to succeed - for themselves, but also for



Dr. Peter S. Watson

their countries and countrymen.

We at OPIC draw particular satisfaction from enabling American companies to duplicate their blueprints of success on new maps in new markets, so that everyone benefits.

U.S. small business uses OPIC loan to build affordable housing in Kenya

A U.S. small business will use an OPIC loan to build 400 affordable housing units in Kenya, OPIC President and CEO Dr. Peter Watson announced during an October visit by a high-level Kenyan delegation. The project is the

first to be completed under the auspices of a June 2003 agreement between OPIC and the Kenyan government, intended to develop Kenya's housing market.

OPIC will provide a \$7.1 million loan to Texas-based JNP Properties, Inc., owned by a Kenyan-American, for construction of 400 affordable housing units in Nairobi, using a unique, long-term lease-for-purchase program made possible by OPIC financing. The development, called Jopa Villas Kenya, will feature security, parking and recreational facilities of higher quality than those typically available for affordable homes in Kenya.

to work with a U.S. small business in doing so," Dr. Watson said. "This project represents significant progress toward fulfilling our 2003 agreement with Kenya, and reflects Kenya's commitment to improve its investment climate."



OPIC President and CEO Dr. Peter Watson with John N. Paul, president and CEO of JNP Properties, Inc., U.S. sponsor of the Jopa Villas Kenya housing project in Nairobi.

"OPIC is pleased to contribute to a project that will help Kenya meet its housing demand, a goal shared by both this agency and the Kenyan government, and

FOR MORE INFORMATION:

Overseas Private Investment Corporation
 1100 New York Avenue, NW
 Washington, D.C. 20527
 Tel: 202-336-8799
 Website: www.opic.gov

To subscribe to *OPIC News*, please log onto OPIC's website and click on "subscribe" at the top of the page.

Inquiries concerning *OPIC News* content: Timothy Harwood, editor tharw@opic.gov

Central Asia in focus:

U.S. small businesses use OPIC support for oil project in Azerbaijan, hotels project in Uzbekistan

One U.S. small business has utilized OPIC financing to provide state-of-the-art oil field equipment in Azerbaijan, another OPIC political risk insurance to upgrade one hotel and build another in Uzbekistan, in the process helping both countries improve their physical infrastructure.

OPIC is providing a \$1.2 million loan to Baku Oil Tools (BOT), an oil field equipment company owned by an



Uzbekistan, home to many ancient Silk Road attractions, holds great tourist potential. OPIC political risk insurance will help the country realize that promise, by enabling a U.S. small business to upgrade a hotel in Tashkent and complete construction of another, in Khiva.



Photos: Suzanne Etcheverry

American citizen, for the establishment of a new manufacturing facility in Baku, Azerbaijan, as part of a joint venture with the state oil company.



Perforating charges, used to unblock or rehabilitate existing wells, will be made at the facility and sold to oil and gas companies operating in Azerbaijan. BOT will be the only local manufacturer of perforating charges in the country.

"This project will both provide Azerbaijan the most advance oil field equipment and manufacturing in the industry, and help to move the indus-

try from government control to the private sector," OPIC President Dr. Peter Watson said. "It will also enable Azerbaijan to take advantage of the significant potential that exists in the oil and gas exploration sector throughout the Caspian Sea region."

In the Uzbekistan project, OPIC will provide \$590,000 in insurance to O&S Consulting of Washington, for improvements to the Hotel Malika in Tashkent, including upgrades to its satellite and security systems, parking and banquet facilities, and construction



of a conference room; and to complete construction of another hotel in Tashkent and the one in Khiva are owned by Takoma Ltd. and Khiva Malikasi, respectively, both Uzbek-American joint venture companies.

"Uzbekistan, located along what was once the Silk Road and home to many ancient monuments, has the potential to become an international tourist destination. These two hotels are well-positioned to take advantage of Uzbekistan's steady flow of tourists, who are attracted by affordable hotel rates but are looking for accommodations with Western standards," Dr. Watson said.

OPIC partners to improve diamond production globally

OPIC and one of the world's leading diamond cutting company, Lazare Kaplan International Inc. (LKI), have entered into a partnership by which OPIC will support LKI efforts to improve diamond production and sales in emerging markets throughout the world, particularly in Africa.



Workers at a diamond polishing unit in the Lazare Kaplan International factory in Puerto Rico, the largest such plant in North America.

OPIC will provide a global framework credit facility to support investments by LKI in enterprises engaged in diamond mining or diamond cutting and polishing in Angola, Botswana, Namibia, or the Russian Federation.

LKI will work to improve selected companies' factory management and retail sales, and provide polished diamond branding and direct cooperation with international jewelry houses. LKI will target operations which lack an independent marketing organization.

LKI Chairman Maurice Tempelman said, "The partnership with OPIC, in addition to generating growth in diamond producing countries, will also benefit U.S. consumers by providing access to new sources of supply."

U.S. small business uses OPIC loan to provide fixed wireless service in **Brazil**

A U.S. small business will use an OPIC loan to provide fixed wireless service at affordable rates to small cities in northeastern Brazil, OPIC President and CEO Dr. Peter Watson announced in October.

OPIC will provide a \$3.4 million loan to Ruralfone, Inc., a company majority-owned by U.S. citizens, for the installation and operation of a fixed wireless telecom system in small cities in northeastern Brazil. The company will initially serve customers in Ceará state, with additional service planned for customers in Pernambuco, Maranhão, Alagoas, and the north of Bahia.



A marketing team conducts outreach in northeastern Brazil for Ruralfone, a U.S. small business which is using an OPIC loan to provide fixed wireless service in the region.

Ruralfone's fixed wireless service will provide an attractive alternative to customers across various segments of the market by virtue of its lower cost, service range, and localized customer service.

"I am very pleased to have OPIC as a partner for our project in Brazil," said Denis Côté, President and CEO of Ruralfone, Inc. "Such a strong partner will help Ruralfone to attain its vision of becoming a major telecommunication player in remote communities; not only in Brazil, but also in other countries. Our innovative concept in Brazil will position us to replicate our experience in other countries."

The project helps to fulfill OPIC's 2003 commitment to support information technology (IT) projects in Brazil through a \$150 million support facility fostering IT partnerships between the U.S. private sector and Brazil.

UPCOMING EVENTS

November 23-26, 2004, Prague, Czech Republic
Global Airport Development 2004
 Nancy Rivera, Department of Structured Finance
www.icbi-uk.com/gad

December 6-8, 2004, Miami, Florida
Caribbean Central American Action
28th Miami Conference on the Caribbean Basin
www.c-caa.org

January 19-21, 2005, Miami, Florida
Financing Latin American Energy Projects
 Nancy Rivera, Department of Structured Finance
www.infocastinc.com

February 9-10, 2005, London, England
15th Export Credit & Political Risk Insurance Conference
 Robert O'Sullivan, Associate General Counsel
www.ibr-financial.com

