

# OPIC News

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## OPIC guarantees first mortgage-backed security in Central America

OPIC will guaranty the issuance of a mortgage-backed security (MBS) on U.S. capital markets, proceeds from which will enable up to 1,500 Guatemalans to purchase homes - the first MBS issuance on U.S. markets for a project in Central America.

OPIC Acting President and CEO Ross Connelly announced the project at a signing ceremony at the Inter-American Development Bank (IDB) attended by several Central American ambassadors to the United States, demonstrating regional interest in the initiative.

OPIC will provide a \$7.5 million guaranty for issuance of the MBS by the Guatemala Mortgage

Mercury Mortgage Finance Guatemala Ltd., an international company with offices in Guatemala and Miami, will manage the program for origination of mortgage loans in Guatemala. The program will incorporate a substantial transfer of U.S. securitization technology through several U.S. companies that will provide special loan administration, credit services and transaction oversight services.



Connelly said that this transaction is the first under a three-year program that is expected to fund as much as \$100 million in mortgages in Guatemala, and at least \$25 million in U.S. investment.

"Mortgage-backed securities are a proven means to

generate new home loans and capital for other economic uses - in the United States. This project will introduce the MBS model to Central America and support homeownership in Guatemala specifically," Connelly said. "The project will also enable U.S. companies to share mortgage lending expertise and business practices with Guatemala, further supporting the country's economic development."



Eduardo Solorzano, executive director of Mercury Mortgage Finance-Guatemala, left, and OPIC Acting President and CEO Ross Connelly conclude deal which will enable 1500 Guatemalans to purchase homes through an OPIC guaranty. Inset, Assistant U.S. Trade Representative for the Americas Regina Vargo called the project a model for the region.



Corporation, which has amassed mortgage loans from four Guatemalan banks for the project. Specifically, OPIC's guaranty will enable the sale of the notes in the U.S. market, which has a larger pool of long-term funding than the local investor market. Proceeds from the MBS issuance will in turn be used to generate mortgage loans for prospective, middle-income homeowners in Guatemala.

## MESSAGE FROM THE PRESIDENT

OPIC's housing program has come a long way in a short time, as evidenced by two mortgage projects approved in April. Each demonstrates the agency's growing ability to identify markets ripe for innovative support, and OPIC's capacity to assemble the partners necessary to bring the projects home, as it were.

In the first, OPIC announced that it would guaranty the issuance of a mortgage-backed security (MBS) on U.S. capital markets, proceeds from which will enable up to 1500 Guatemalans to purchase homes - the first MBS issuance targeted to U.S. investors in U.S. markets for a project in Central America.

Specifically, OPIC's guaranty will enable the sale of the notes in the U.S. market, which has a larger pool of long-term funding than Guatemala. The program will incorporate a substantial transfer of U.S. securitization technology and is the first transaction under a three-year program that is expected to fund as much as \$100 million in mortgages in

Guatemala, and at least \$25 million in U.S. investment.

For OPIC, the project offered the right elements at the right time: a country, Guatemala, with a strong primary mortgage market; one with a reliable mortgage database from the local housing authority; experienced U.S. and Guatemalan project counterparts; a pool of dollar-denominated mortgages to back the notes; and the willingness by Moody's Investors Service to provide a provisional rating that enabled the program to be priced effectively. The result was a program that is expected to deliver affordable mortgages to Guatemalan families and a highly-rated instrument to investors.

In the second project, OPIC's board approved a \$46 million loan for a housing development in Zambia that will leverage \$80 million of new housing construction and generate 5000 new homes. The low-cost development will provide electricity, water and sewage, telephone, trash removal and parking services.

This project was unique for its extensive inter-agency coordination between OPIC, the Treasury Department and the U.S. Agency for International Development, which will provide technical assistance in the enhancement of Zambia's title deeds registry system; and for its innovative lending structure for managing currency risk for a low-cost housing project. Unlike the Guatemalan project, mortgages will be provided in local currency.

Housing investment is a key component of economic development, both because housing is a basic social need and because private home ownership is an important source of capital for entrepreneurship globally. We look forward to duplicating our success in Guatemala and Zambia elsewhere.



Ross J. Connelly  
Acting President & CEO  
Overseas Private Investment Corporation

## U.S. small business uses OPIC loan to establish first **Ruby Tuesday** in South Korea

A U.S. small business will use an OPIC loan to establish the first Ruby Tuesday franchise restaurant in South Korea. Among the project's advantages will be to provide significant, much-needed employment opportunities for South Korean women.

OPIC will provide a \$1.5 million loan to Majestic Group Korea, Ltd., a wholly-owned subsidiary of Majestic Group, Inc. of Maryland, for the establishment of a Ruby Tuesday in Seoul. The project will also give Majestic Group exclusive rights to operate the Ruby Tuesday franchise throughout South Korea, foreseeing the development of additional stores in the country.

The project will employ approximately 80 low-skill laborers, a majority of them women - a significant achievement in a

country where it is typically difficult for women to gain good employment.

Majestic Group was established in 2004 by a Korean-American citizen, Nam K. Kim, specifically to operate a Ruby Tuesday franchise in Seoul.



Workers ready the first Ruby Tuesday restaurant in Seoul, South Korea. A \$1.5 million OPIC loan is supporting a U.S. small business in the project.



### FOR MORE INFORMATION:

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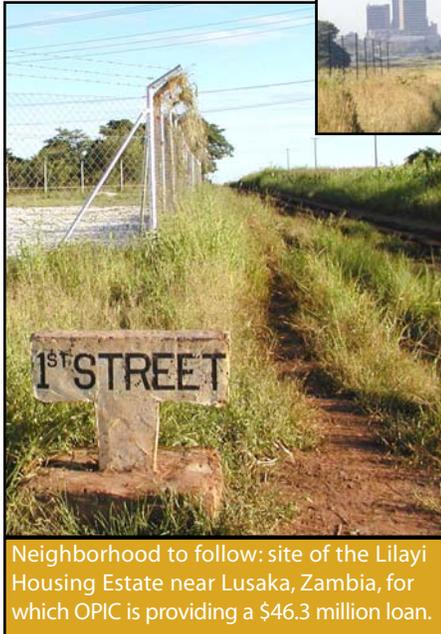
# Africa in focus:

## OPIC board approves housing project in Zambia; OPIC loan supports leading bank in Rwanda

**OPIC's board of directors** in April approved a \$46.3 million loan for a housing development in Zambia that will leverage \$80 million of new housing construction, generate 5,000 new homes and serve as a model for future housing projects in sub-Saharan Africa.

OPIC will provide the loan to Houses for Africa Mortgage Finance Zambia, to facilitate mortgage financing for 5,000 new homes to be built in the Lilayi Housing Estate near Lusaka, the capital. The company is a joint venture between Nevada-based Houses for Africa Inc.; Pangaea Holdings LLC. of Wisconsin; and City Investments Ltd, a Lusaka, Zambia-based agricultural and real estate development company.

The Lilayi estate will provide electricity, water and sewage, telephone, trash



Neighborhood to follow: site of the Lilayi Housing Estate near Lusaka, Zambia, for which OPIC is providing a \$46.3 million loan.

removal and parking services, as well as stations for bus and taxi services. It will also feature a separate commercial and retail area with banking



services on site, a school, clinic, green areas for recreation and a police post. The target buyers of the houses will be salaried workers and self-employed persons.

OPIC Acting President and CEO Ross Connelly said the project would help Zambia address a critical housing shortage: the country's population growth rate for 1990-2000 was 2.9 percent, but the rate of increase of housing was less than one percent of the annual requirement of 600,000 units for urban areas

**Also in April**, OPIC concluded a \$10 million loan agreement which help Rwanda accelerate its economic development by enabling a leading Rwandan bank to increase its lending for mortgages, small businesses and commercial expansion.

OPIC will provide the loan to Bank of Commerce, Development and Industry, Ltd. (BCDI) through part-owner Alfred Kalisa, a U.S. citizen. BCDI will use the loan to help Rwanda address a shortage of housing and commercial real estate, and to encourage an emerging market for mortgages. The loan will also support small business development.

BCDI was established in 1995 to respond to the need for commercial banking to support economic reconstruction following the Rwandan genocide.



Alfredo Rodriguez, OPIC finance director, and Alfred Kalisa, part owner of the Bank of Commerce, Development and Industry in Rwanda (inset), after concluding a \$10 million OPIC loan agreement.

## OPIC & private sector in \$100 million small business network

**OPIC in April** invited the U.S. private sector to join the agency in a new alliance to administer \$100 million in OPIC financing to U.S. small and medium-sized enterprises (SMEs), giving them better access to a kind of credit for overseas projects that is often difficult for SMEs to obtain.

OPIC issued calls for proposals to financial institutions, business associations, educators and other interested parties to serve as lenders, loan originators and trainers in its new Enterprise Development Network (EDN), intended to facilitate efficient delivery of OPIC financing to SME projects. The financing will be administered through OPIC's Small and Medium Enterprise Finance (SMEF) Department.

An analysis commissioned by OPIC last year found that such a network would be the most cost-effective way for OPIC to meet growing demand by American SMEs for its support. During fiscal year 2004, more than 200 SMEs approached OPIC for financing of international operations, a 51 percent increase over FY 2003. In 2004, its first year of operation, the SMEF Department increased OPIC's SME productivity by 61 percent, while reducing processing time by 42 percent.

The EDN calls for proposals for may be found on the front page of OPIC's website.

**Enterprise Development Network - Designated Lender**  
CALL FOR PROPOSALS  
By the Overseas Private Investment Corporation  
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**Enterprise Development Network - Loan Originators**  
CALL FOR PROPOSALS  
By the Overseas Private Investment Corporation  
An Agency of the United States Government

# OPIC conference to highlight investment opportunities in **North Africa**

**Marrakech**, described by Winston Churchill as the 'Paris of the Sahara,' will be host to an OPIC-sponsored international conference on investment opportunities in North Africa this September. Entitled *"Expanding Horizons in North Africa,"* it will detail opportunities in Algeria, Egypt, Libya, Mauritania, Morocco and Tunisia.

The conference will provide a forum for companies to learn about investment opportunities in the region and to discuss opportunities for joint ventures with local businesses. The conference agenda will include senior government officials from each

country, major U.S. companies currently investing in North Africa, leading financial experts discussing the outlook for foreign direct investment, and senior officials from the U.S. government and international multilateral financial institutions discussing their programs to facilitate investment.

The conference will be of particular interest to companies in both the United States and other countries, and as well as businesses in the region looking for investors and joint venture partners.

Conference sessions will highlight investment opportunities in the

**EXPANDING HORIZONS  
IN NORTH AFRICA**  
Investment Conference • September 20 - 22, 2005 • Marrakech, Morocco

Algeria  
Egypt  
Libya  
Mauritania  
Morocco  
Tunisia

**OPIC**

information and communication technology, housing, tourism, infrastructure, and energy sectors. For more information and to register:

[www.trademeetings.com](http://www.trademeetings.com).

## UPCOMING EVENTS

**May 9-10, 2005, Belgrade, Serbia**  
**Fifth Summit of Serbia & Montenegro**  
**John Moran, Investment Development  
& Economic Growth Manager**  
[www.tsomokos.gr/News/more\\_news.asp](http://www.tsomokos.gr/News/more_news.asp)

**May 17-19, 2005, Amman, Jordan**  
**Broader Middle East and North Africa Trade  
and Investment Finance Conference**  
**Ross Connelly, Acting President & CEO**  
[www.trademeetings.com](http://www.trademeetings.com)

**May 18-29, 2005, Miami, Florida**  
**Securitization in Latin America Summit**  
**Ruth Ann Nicastri, Insurance Manager**  
[www.euromoneyseminars.com](http://www.euromoneyseminars.com)

**June 21-25, 2005, Baltimore, Maryland**  
**Corporate Council on Africa Fifth  
U.S.-Africa Business Summit**  
**Marysue Shore, Director of African Affairs**  
[www.africacncl.org/CCA\\_Summits/2005\\_Summit.asp](http://www.africacncl.org/CCA_Summits/2005_Summit.asp)

