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\$75 million in new financing caps OPIC trip to Pakistan

OPIC Acting President and CEO Ross Connelly in May signed an agreement facilitating the provision of \$75 million in new OPIC financing to a \$100 million Citigroup lending facility in Pakistan. The new OPIC investment guarantee supplements an existing \$75 million agreement with Citigroup, and was approved by OPIC's board of directors in January.

The signing capped a week-long trip to Islamabad and Lahore, during which Connelly and an OPIC delegation met with senior Pakistani officials and representatives of American and Pakistani companies to facilitate increased U.S. investment in the country. With the Citigroup facility, OPIC is providing \$200 million in financing and political risk insurance to projects in Pakistan. Historically, the agency has supported more than 100 projects in Pakistan with over \$970 million.

"We came to Pakistan to encourage U.S. investment in this country, and have



Connelly, right, met with Chaudhry Pervaiz Elahi, chief minister of Punjab state, in Lahore. Elahi encouraged U.S. investment in Punjab's transportation and SME sectors.



OPIC Acting President and CEO Ross Connelly, right, and Citibank Country Officer Zubyr Soomro sign a framework agreement in Lahore providing \$75 million in OPIC financing to a \$100 million Citigroup lending facility for Pakistan.

been encouraged ourselves by the improving investment climate, evidenced by the country's strong economic growth and political stability," Connelly said. "Investor interest in Pakistan is likely to be rewarded by positive returns."

"OPIC's on-lending framework agreements with Citigroup have generated strong developmental benefits in host countries, by leveraging private capital, increasing bank-market liquidity, and transferring bank skills and assets," Connelly said. "We expect that today's lending framework will produce similar positive results, to the benefit of ordinary Pakistanis."

OPIC has also supported two private equity funds with authority to invest in Pakistan, Actis Capital LLP and Clearwater Capital Partners Investments II, LP, bringing the agency's total involvement in Pakistan to more than \$300 million.

MESSAGE FROM THE PRESIDENT

I was impressed, and greatly encouraged, by Pakistan's commitment to free market-led economic development during our week-long visit to the country in May, never more so than in the midst of a meeting with the Lahore Chamber of Commerce and Industry (LCCI).

LCCI President Mian Misbahur Rehman told the meeting that during fiscal year 2004, U.S. capital accounted for \$259 million of Pakistan's \$921 million in foreign direct investment (FDI), and that investment had been spread widely over sectors such as energy, information technology, security management, food processing, "directly impacting upon prevalent consumer preferences," he said.

He was followed by Adviser to the Prime Minister on Finance Dr Salman Shah, who said the Pakistani government was making efforts to raise the share of manufacturing sector in the GDP to 25 percent; increase the ratio between FDI and GDP; decrease the cost of doing

business; and to let it be known that exports and domestic consumption would drive future economy. In particular, "the privatization process in Pakistan would provide excellent opportunities to U.S. investors. Pakistan is expecting \$2 billion worth of proceeds from the privatization process this year," he said, and called for U.S.-Pakistan joint ventures in sectors such as infrastructure development, telecommunications and energy.

Pakistan's improving investment climate and juggernaut economic growth is certainly being felt by OPIC. At a signing ceremony in Lahore, OPIC concluded an agreement facilitating the provision of \$75 million in new OPIC financing to a \$100 million Citigroup lending facility in Pakistan. The new guarantee supplements an existing \$75 million agreement with Citigroup that we undertook only three years ago and had been completed ahead of expectations. The first benefited Pakistan's cement, leasing and cellular

telephone industries; the second will be geared toward developing Pakistan's small and medium-sized enterprises (SMEs). SME growth is also the goal of another OPIC lending facility, with the Bank of Punjab.

U.S. investors, the evidence is clear, are starting to recognize the potential of the Pakistani market, as well as the Pakistani economy. Their interest, we are confident, is likely to be rewarded by positive returns. OPIC looks forward to capitalizing on this wave of good news, by facilitating even greater levels of American investment in Pakistan.



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

U.S. small business uses OPIC loan to construct wastewater plant in Mexico

A U.S. small business will use an OPIC loan to construct a wastewater treatment facility in a city in northern Mexico, providing important support to its agricultural sector and relief from a 12-year drought.

OPIC will provide a \$3.3 million loan to Lemna de Mexico, a subsidiary of Minnesota-based Lemna Corporation, for the construction of a wastewater treatment facility in Cuauhtemoc in Chihuahua state. The plant is currently under construction and due to be completed in July 2005.

Completion of the plant will enable Cuauhtemoc's agricultural sector to eliminate the raw sewage currently used in irrigation and reduce its reliance on groundwater resources, providing



Piping awaits installation at the Lemna wastewater treatment plant in Cuauhtemoc, Mexico. OPIC is supporting the project with a \$3.3 million loan.

important relief to a region that has suffered a 12-year drought. In addition, using treated wastewater instead of pumped groundwater and surface water will help the state of Chihuahua meet its water debt to Texas under the bilateral Treaty of 1944.

The facility will make Cuauhtemoc one of the first medium-sized cities in Mexico to comply with the Mexican government's mandate to treat municipal wastewater by December 2007.

FOR MORE INFORMATION:

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Saharan Africa in focus:

OPIC insurance aids Darfur refugees in Chad, helps renovate American school in Tunisia



OPIC political risk insurance will enable the International Rescue Committee (IRC) to provide emergency assistance

to refugees fleeing violence in the Darfur region of Sudan into neighboring Chad. Another U.S. nonprofit corporation will use OPIC insurance to renovate an American school in Tunisia which provides primary and secondary education to both American and Tunisian students.

OPIC will provide over \$130,000 in insurance to the IRC for its humanitarian assistance programs in Chad, including refugee resettlement and medical support, through IRC's branch office in Abeche. OPIC's insurance will cover IRC property and

equipment such as vehicles, computers, telephones, faxes, copy machines, radios, generators, and pumps, and inventory including food, fuel, wood, office supplies, tools, and medicines.

IRC programs in Chad not only provide sanctuary and lifesaving assistance to Darfur victims, but enhance local human capacity, through training, education, and income-generating programs. The project is part of a larger IRC contract OPIC announced in February, through which OPIC is



"The International Rescue Committee is a sanctuary of hope for many of the more than two million Sudanese displaced by violence in Darfur, providing critical emergency assistance such as shelter, medical care and food. OPIC is pleased to work with this leading humanitarian organization in its timely and vital work."

- Ross Connelly

OPIC Acting President and CEO



Renovations to the American Cooperative School in Tunisia, including a new library, will benefit from OPIC insurance.



The International Rescue Committee will use OPIC political risk insurance to provide humanitarian assistance to Darfur refugees living in Chad.

providing \$5 million in insurance to cover IRC property and equipment in 17 countries worldwide.

Founded in 1933, New York-based IRC is one of the world's largest nonsectarian humanitarian aid organizations, with offices in 25 countries and more than 7,000 employees.

In the second project, OPIC will provide \$4.5 million in insurance to the American Cooperative

School of Tunis (ACST) Association for renovations to the American Cooperative School outside Tunis, the capital. The school offers an educational program equivalent to an American university preparatory school, from pre-kindergarten through grade twelve, for students of all nationalities. One fourth of the student population is American.

Founded in 1959, ACST is sponsored by the Office of Overseas Schools of the U.S. State Department.

OPIC board approves additional \$20 million for Asia fund

OPIC's board of directors in April approved \$20 million in additional financing for an Asian investment fund that OPIC first approved for support in 2004.

The board approved \$40 million in financing to the Clearwater Capital Partners Investments II, L.P. in April 2004, at the time the fund's initial institutional capital commitment. During the fund manager selection process, OPIC placed conservative expectations on the fund's ability to raise equity capital from institutional equity investors, with an initial target total fund capitalization of \$100 million. However, the fund achieved greater success than anticipated raising equity capital, validating the fund's strategy and enabling increased support from OPIC.

The fund will invest in the credits of small and medium-sized enterprises (SMEs) in Asia that are financially distressed. Through the purchase and restructuring of these credits, the fund will enable companies to improve their balance sheets and allow banks to redeploy capital in the form of new loans.

The fund will focus its investments in India, Indonesia, Malaysia, Thailand, Philippines and South Korea, with a target capitalization of \$200 million.

"This fund is unique for its focus on the SME market and local currency credits, a part of the Asian distressed debt market not served by large global firms. This fund will help support the establishment of a financial infrastructure for long-term debt markets in Asia, by creating market mechanisms that will have a positive impact on both industrial and financial sectors," said OPIC Acting President and CEO Ross Connelly.

OPIC adds Business Council for International Understanding to Partners Program

The Business Council for International Understanding (BCIU), a White House-initiated association which facilitates dialogue and action between business and government, has been added to OPIC's Partners Program.

Intended to increase knowledge of OPIC's

programs and services, the 14-member Partners Program was established in October 2003 as an alliance between OPIC and trade and foreign policy organizations nationwide. By utilizing the resources of geographically-diverse organizations, information about OPIC is disseminated to a larger audience.

The BCIU was formed at the White House Industrial Cooperation Council Conference in 1955, and began ongoing program operations in 1959. Since inception, BCIU has helped U.S. companies succeed in the global

Service, and other U.S. Government trade promotion personnel. BCIU utilizes a mix of business executives and experienced trade promotion officials as faculty instructors for these courses.



business arena by facilitating dialogue and action between business and government. BCIU services for its 140 members include industry briefing programs, teleconferences with U.S. embassy personnel overseas, and commercial diplomacy training courses for U.S. Foreign Service, U.S. Commercial

"BCIU values the outstanding working relationship it has with OPIC and is excited to become part of the Partners Program," BCIU President and CEO Peter J. Tichansky said. "Both organizations can trace their origins to an earlier age in which it was a national priority for the United States business community to expand its international profile."

UPCOMING EVENTS

June 21-25, 2005, Baltimore, Maryland
Corporate Council on Africa Fifth U.S-Africa Business Summit
Ross Connelly, Acting President and CEO
www.africacncl.org/CCA_Summits/2005_Summit.asp

July 10-13, 2005, Acapulco, Mexico
Foreign Investment Opportunities in Mexico's New Consumer and SME Lending Industry
Debra Erb, Director of Housing
www.srinstitute.com

August 16-18, 2005, Rio de Janeiro, Brazil
Energy Summit 2005 - IBC Latin America
Nancy Rivera, Director, Structured Finance
www.ibcbrasil.com.br

September 20-22, 2005, Marrakech, Morocco
Expanding Horizons in North Africa
OPIC-sponsored Trade and Investment Conference
www.trademeetings.com

