

OPIIC News

January 2006
Vol. 8 No. 1

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

IN THIS ISSUE

Agreements finalize \$250 million in OPIIC insurance for Israeli pipeline

Message from the President

OPIIC insurance to help upgrade five hydroelectric plants in Colombia

[Nigeria in focus:](#)

U.S. small business uses OPIIC loan to establish flour mill; OPIIC support enables school to expand

Small business uses OPIIC support to build housing in Afghanistan

Dr. Christine Emery is new OPIIC vice president for investment policy

UPCOMING EVENTS

see back page

Agreements finalize \$250 million in OPIIC insurance for Israeli pipeline

A series of agreements concluded in December among OPIIC, Citigroup and the Israel Electric Corporation (IEC) will enable OPIIC to provide \$250 million in political risk insurance for the construction of a natural gas pipeline that will reduce Israel's dependence on imported fossil fuels and generate \$200 million in annual savings for electricity generation.

OPIIC's insurance will cover a loan for the construction of a 65-mile pipeline that will transport natural gas produced offshore, from Ashdod in southern Israel to Hagit in the north, for downstream power projects in the country. Once completed, the pipeline will be owned by the Israeli government and operated by Israel Natural Gas Lines. OPIIC is providing the



OPIIC President Robert Mosbacher, Jr. signs agreement activating OPIIC insurance for natural gas pipeline in Israel, as Shlomo Rothman, chairman of the Israel Electric Corporation, watches. Back row, from left, Zvi Chalamish, Israeli Ministry of Finance; Eli Hassine, Citibank Export and Agency Finance.

Rothman signed a foreign enterprise support agreement for the project, which, along with an OPIIC insurance contract and a loan agreement, enables financing for the pipeline to proceed.

"This natural gas pipeline is critical to Israel for both economic and environmental reasons," Mosbacher said. "It will exploit offshore natural gas reserves to significantly reduce Israel's dependence on imports, in the process using an energy source - natural gas - that is cheaper and less polluting than oil or coal."



Israeli scientists Moshe Finkel and Miki Lipschitz gather information for an environmental impact assessment. Plans for the pipeline minimize impact on flora & fauna, and potential archeological sites.



insurance to the IEC Gas Pipeline Financing Trust; Citigroup arranged financing for the project.

OPIIC President and CEO Robert Mosbacher, Jr. and IEC Chairman Shlomo



MESSAGE FROM THE PRESIDENT

Conjure the ideal OPIC small business project and it would look something like this: addresses important developmental need in host community; transfers technology and skills from a successful American company to nascent industry in emerging market; and also supports the same industry in the United States. It is akin to an aid project, but with more lasting economic effect, as it comes from mobilizing private capital. It kick-starts a new sector in the host country. It is the teach-a-man-to-fish parable come to life.

A new flour mill project in Nigeria embodies that ideal. A U.S. small business is using an OPIC loan to establish the only flour mill in Akwa Ibom State in south-eastern Nigeria, providing a basic staple to an underserved segment of the region's population. The mill will also produce wheat offal, a by-product used to feed livestock. The flour will be sold to flour distributors and commercial bakeries in Akwa Ibom's main towns, the offal to farmers and owners of livestock.

The mill will source its wheat for the flour from international markets but primarily from the United States. Consequently, the project has the enthusiastic support of the American wheat industry.

It is the project's developmental benefits, however, that make it most satisfying. Although demand for wheat flour in Nigeria has grown significantly in the past ten years, less than two-thirds of Akwa Ibom's population has access to sufficient supplies of bread flour. The project will therefore have a profound impact on the nutritional development of Akwa Ibom's population.

Nutritional development, we are all aware, precedes all other human needs. In its recent history, OPIC has addressed this need by leveraging the expertise of U.S. small businesses for highly developmental projects in the sector. Eighteen months ago, we announced that OPIC financing would enable a small business to provide up to one million children

daily in Nicaragua, Honduras, Guatemala and El Salvador with an affordable, rice-based drink that would help those countries address malnutrition and other health conditions.

And just last year, a Colombian company supported by an OPIC-backed investment fund was recognized for its work to ensure that more than 1000 Colombian children have adequate nutrition, health care and education.

Building better small business projects is an ongoing goal at OPIC, one we are meeting on a regular basis. Optimizing their developmental benefits is doubtless the most rewarding part of that process.

Robert Mosbacher, Jr.
President & CEO
Overseas Private Investment Corporation

OPIC insurance to help upgrade five hydroelectric plants in Colombia

OPIC's board of directors has approved political risk insurance to cover \$212 million in financing for a project that will upgrade five power facilities in Colombia - enabling a significant increase in the country's electricity generation - and position a government-controlled power company for eventual opening of its equity capital to the private sector.

The \$212 million OPIC-insured facility, together with a \$38 million uninsured facility both arranged and underwritten by Citigroup, will be provided to ISAGEN, a leading Colombian power company whose majority shareholder is the Colombian government.

In addition to improving Colombia's power infrastructure, the financing will support projects that provide employee training programs, equal employment opportunities including diversity policies, health care, housing and transportation for a largely rural workforce.



OPIC insurance will help upgrade the San Carlos power station in Colombia, above, as well as four others across the country.

The loan will be used largely to help ISAGEN modernize and maintain its San Carlos, Jaguas and Termocentro facilities, rehabilitate the Calderas hydropower plant, and begin the construction of the Amoya power facility, enabling Colombia to increase its generating capacity and reduce power outages. In particular, the financing will enable ISAGEN to restart the Calderas plant following a 1998 shutdown due to damage caused by political violence, and to commence construction of the Amoya facility.

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

Nigeria in focus:

U.S. small business uses OPIC loan to establish flour mill; OPIC loan and insurance enables school to expand

A U.S. small business will use an OPIC loan to establish the only flour mill in Akwa Ibom State in southeastern Nigeria, providing a basic staple to an underserved segment of the country's population.

OPIC will provide a \$6.7 million loan to a subsidiary of Deamar Group, a New York-based agribusiness company, for construction and operation of a flour mill for the manufacturing of bread flour in Uyo, the capital of Akwa Ibom. The mill will also produce wheat offal, a by-product used to feed livestock. The flour will be sold to flour distributors and bakeries in Akwa Ibom's main towns, the offal to farmers and owners of livestock. The mill will produce 200 metric tons of flour per day.

The mill will source its hard red wheat for the flour from international markets, but primarily from the United States.

Although demand for wheat flour in Nigeria has grown significantly in the past ten years, only 60-to-65 percent of Akwa Ibom's population has access to sufficient supplies of bread flour.



Completion of a new campus for the American International School in Abuja will make it the first American curriculum high school in the Nigerian capital. The school is one of 190 to receive assistance from the U.S. Department of State's Office of Overseas Schools.

"This project will have a profound impact on the nutritional development of Akwa Ibom's population, providing a basic staple to thousands of Nigerians on a daily basis."
- Robert Mosbacher, Jr.
OPIC President and CEO

In a second project, OPIC financing and insurance will enable an American school in Nigeria to move to a new campus, in the process accommodating a growing student population and providing the local community access to school facilities and outreach programs.

OPIC will provide a \$3.25 million direct loan to the

American International School of Abuja (AISA) for the establishment of a new campus at permanent site in Abuja, Nigeria's capital. OPIC's financing will cover the construction of 29 classrooms; six residential units; eight offices; a library; two science laboratories; a computer laboratory; a multi-purpose room to serve as an auditorium and meeting hall; and a school clinic. OPIC is also providing \$5 million in insurance to the project.



A mill manufacturing bread flour in Nigeria's Akwa Ibom State will source its wheat largely from the United States; Nigeria is America's third-largest export market for wheat.

Small business uses OPIC support to build housing in Afghanistan

A U.S. small business will use a loan and political risk insurance from OPIC to build three residential buildings in Afghanistan, providing 105 new housing units for middle-income Afghans and much-needed investment in the country's housing sector.

OPIC will provide a \$2.47 million loan to a subsidiary of Maskan Inc. of Delaware, for the construction of three residential buildings in Kabul, along with related water, sewage and backup electrical systems. OPIC is also providing a streamlined form of small business insurance, called a 'wrap,' to the project, in the amount of \$753,000.



Project sponsor Maskan, Inc., owned by an American and four expatriate Afghan-Americans, envisions a residential and business community in the center of Kabul built to international construction standards.

The project represents the first phase in a development, called Sharhara, that will ultimately comprise 17 buildings - 10 residential, six mixed residential and commercial, and one commercial. Thirty five units from the first phase of the project have already been sold.

A recent U.N Habitat assessment of the most affected areas in Kabul indicated that approximately 80 percent of residential and commercial buildings had been damaged or completely destroyed during the war.

Dr. Christine Emery is new OPIC vice president for investment policy

Dr. Christine Emery, former senior director of institutional relations at the Center for Strategic and International Studies (CSIS), was sworn in as vice president of OPIC's Office of Investment Policy on December 12. OPIC President and CEO Robert Mosbacher, Jr. administered the oath of office at OPIC headquarters.

"OPIC's Office of Investment Policy plays a decisive role in optimizing the developmental benefits of the agency's projects. OPIC is fortunate to be able to name a leader of the caliber and experience of Dr. Christine Emery to head the office," Mosbacher said. "We welcome Christine to OPIC, and expect

that under her leadership, OPIC will continue to refine and improve the developmental quality of its support for economic growth in emerging markets."

In her position at CSIS, Dr. Emery served as principal liaison between the center and its top corporate and individual partners and trustees. She also served as spokesperson for international media outlets on the subjects of U.S. federal government and political systems.

From 1986 to 1996, Dr. Emery provided advice to Washington, D.C., area law firms, establishing Amerisphere Group, Ltd., an international consulting firm. As founder, president, and CEO, she served



OPIC President and CEO Robert Mosbacher, Jr. and new OPIC Vice President of the Office of Investment Policy Dr. Christine Emery.

as adviser to ambassadors from Latin American countries on U.S. foreign policy matters ranging from antiterrorism to natural gas exploration.

UPCOMING EVENTS

February 16-17, 2006, Berlin, Germany

Development of Leasing in Russia

Michelle Smith, Investment Services Manager

www.marcusevans.com/events/CFEventinfo.asp?EventID=10376

February 21-22, 2006, London, England

Export Credit & Political Risk 16th Annual Global Convention

Robert O. Sullivan, Associate General Counsel

www.iir-conferences.com/exportcredit

February 22-23, 2006, Miami, Florida

8th Annual Structured Trade & Export Finance in the Americas Conference

Nancy Rivera, Director, Structured Finance

www.tradefinanceconferences.com

May 2-4, 2006, Cape Town, South Africa

Housing Africa

OPIC-sponsored International Investment Conference

www.trademeetings.com

