

OPIC News

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Special Issue: Access to Opportunity for Central America & the Caribbean

An OPIC-sponsored investment conference
San Salvador, El Salvador, May 15-17, 2007

Access to Opportunity for Central America and the Caribbean, an OPIC-sponsored international investment conference, is the culmination of two years of intense agency focus on the region, and aims to serve as beacon to prospective investors that these dynamic emerging markets are profitable destinations for U.S. capital. In the last year alone, OPIC has supported more than a third of a billion dollars in new U.S. investment in the region.



OPIC President & CEO
Robert Mosbacher, Jr.
Guatemala City
October 2006

Recent economic performance indicates a positive outlook. Central American exports grew 10.4 percent during 2006, to \$20.4 billion, and increased foreign investment inflows following the passage of free trade agreements with the United States underpinned significant GDP growth in Honduras and Guatemala, for example. Growth among Caribbean countries has benefited from strong FDI inflows into the tourism and mining sectors. Enabling U.S. companies to capitalize on this trend, and regional companies to access new sources of capital – some of them established by OPIC and its private sector partners – is the objective of the conference.

For participants, **Access to Opportunity** offers a unique opportunity to hear from leading investment experts, U.S. businesses currently investing in Central America and the Caribbean, financial institutions operating in the region, and U.S. government officials. Conference sessions will focus on investment opportunities in sectors such as infrastructure, energy, tourism, franchising, financial services, and housing.

"Over a very short period of time, OPIC has witnessed a substantial increase in investor interest in Central America and the Caribbean. **Access to Opportunity** will capitalize on that trend, bringing together U.S. and regional companies on a much larger scale to identify yet more investment opportunities in these dynamic new markets," OPIC President and CEO Robert Mosbacher, Jr. said. "We are confident that we can demonstrate to a new generation of American companies the wisdom of investing in Central America and the Caribbean."

October 2006

OPIC FOR IMMEDIATE RELEASE
October 10, 2006
For further information, contact:
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OPIC TO ANNOUNCE \$212 MILLION IN NEW SUPPORT FOR FOUR CAFTA COUNTRIES
Follows \$129 million announced in July 2006

May 2006

OPIC FOR IMMEDIATE RELEASE
May 16, 2006
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OPIC ANNOUNCES \$120 MILLION IN NEW SUPPORT FOR THREE CAFTA COUNTRIES
Focus on housing, microfinance, new investment fund during May trip to El Salvador, Honduras & Nicaragua

WASHINGTON, DC - Robert Mosbacher, Jr., president and CEO of the Overseas Private Investment Corporation (OPIC), will announce OPIC's finance and technical aid initiatives to support the investment of \$120 million in new investment for El Salvador, Honduras and Nicaragua during a May 16-17 trip to legislative capitals of the four trade agreement with Central America and the Dominican Republic (CAFTA-DR). The new financing comprises OPIC support for a new private equity investment fund for Central America, Mexico and Colombia, an OPIC loan to fund microfinance

In two trips to the region in 2006, OPIC announced nearly a third of billion dollars in new U.S. investment in Central America.



National Geographic Society photo



President Bush signs CAFTA-DR legislation August 2005

MESSAGE FROM THE PRESIDENT

I am pleased to welcome business representatives and government officials from the United States and its neighbors to *Access to Opportunity for Central America and the Caribbean*, an international investment conference devoted to increasing investment in the region.

Last December, the Miami Conference on the Caribbean Basin invited OPIC to speak about the impact of trade agreements such as CAFTA-DR and others that endeavor to create an integrated regional market. I welcomed the opportunity to speak to those agreements not as sources of debate about relative effects on the U.S. or the region, but as potential engines of trade and investment *within* those markets.

The truth is, as the region increasingly empowers itself as a trading bloc with real muscle, its economic performance has improved. Central American exports grew 10.4 percent during 2006, to \$20.4 billion, and increased FDI inflows following passage of FTAs with the United States underpinned

a 4.5 percent increase in GDP in Honduras and 4.1 percent expansion in Guatemala. Growth among Caribbean countries has benefited from strong FDI inflows into the tourism and mining sectors, as well.

From OPIC's perspective, investment levels in the region have indeed increased – yet that is not the result of passive observation. Rather, it is the outcome of a proactive effort to demonstrate to U.S. investors that the region is a lucrative destination for their investment dollars. Using CAFTA-DR as a point of entry, OPIC has aggressively reached out to the American business community and that community has responded with enthusiasm.

During an October trip to Central America, I announced OPIC financing in support of a minimum of \$212 million in new investment for the region. During a May trip, I announced OPIC financing and insurance in support of \$120 million in new investment for El Salvador, Honduras and Nicaragua. And last April, OPIC approved

\$80 million for an investment fund that could ultimately invest \$250 million in businesses throughout the Caribbean.

Increasingly, Central American and Caribbean nations are taking steps to create an integrated regional market – and those steps are being rightly interpreted by American investors as signs that improvements to the region's financial infrastructure are to follow. Clearly, the region understands the importance of pooling its economies into a larger force that will enable investors to discover the possibilities that await them. *Access to Opportunity for Central America and the Caribbean* represents the best chance yet to take the full measure of the region's progress.

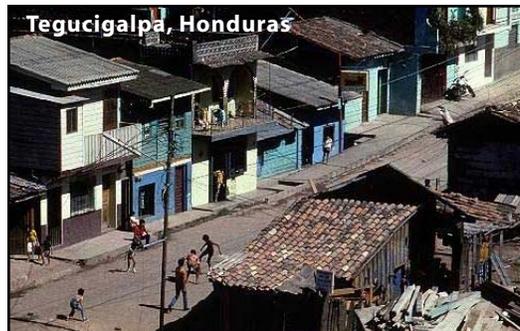
Robert Mosbacher, Jr.
President & CEO
Overseas Private Investment Corporation

OPIC board approves \$70 million to support housing & mortgage development in Central America

Using the American mortgage system as a model, OPIC's board of directors in April approved \$70 million for a project that will provide financing for both housing development and mortgage programs for affordable housing in Central America.

Inter-Mac International, an affiliate of Clark Realty Capital of Virginia, will enter into agreements with builders in Central America to develop housing at a cost of approximately \$10,000 per home. Inter-Mac will then use the OPIC loan proceeds to provide long-term financing to homebuyers, working with major employers in each market to facilitate affordable payment plans.

The project will begin in Honduras, where an initial community numbering between 1500 and 2500 homes will be constructed



according to industry best practices for community development, and will include infrastructure such as paved roads, running water, water treatment facilities and power. Subsequently, the project will expand into other Central American countries.

OPIC President and CEO Robert Mosbacher, Jr. noted that the vast majority of low-income wage earners in Central America live

in substandard housing. Moreover, they are ignored by the conventional housing finance sector. At the same time local developers do not have the financial capacity to enter into the type of large-scale development that will enable them to provide housing for this market.

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Central America & the Caribbean in focus:

Busy 2006 saw OPIC deliver \$332 million in new U.S. investment, with focus on housing, microfinance, private equity funds

OPIC made 2006 its busiest year ever in Central America and the Caribbean, driven by CAFTA-DR provisions that called for increased U.S. investment in the region. During May and October trips to most CAFTA-DR signatories, OPIC President and CEO Robert Mosbacher, Jr. announced \$332 million in new U.S. investment in the region.

OPIC focused its efforts on strengthening three sectors that should serve as engines of growth for regional economies: access to private capital; the housing sector, including both construction and the provision of mortgage finance; and microfinancing.

Investment funds

Latin Power III - Fund will invest in independent electrical generation projects in Latin America, with a focus on renewable energy. The fund is capitalized at \$393 million, including \$60 million in financing from OPIC, and is expected to dedicate between 30 percent of 50 percent of its total capital to CAFTA-DR countries.

Paladin Realty Latin America Mortgage Finance - Fund will invest in the provision of mortgage financing for affordable housing in Latin America. Supported by \$35 million in financing from OPIC, the \$105 million fund will dedicate one-third of its capital to investments in CAFTA-DR countries.



OPIC loans to two U.S. companies, Global Partnerships and Microfinance Intl., will result in thousands of microloans in the region.

Paladin Realty Latin America Investors II - Fund will invest in the real estate sector in Latin America, with a focus on low- and middle-income housing development. The \$200 million fund received \$35 million in financing from OPIC.



In May 2006, OPIC President and CEO Robert Mosbacher, Jr., left, and U.S. Ambassador to Honduras Charles Ford visited a lease-purchase housing project in San Pedro Sula that OPIC is supporting with a \$9.2 million loan. The project will result in 1400 homes.

Darby ProBanco Fund II - Supported by \$45 million in OPIC financing, fund will support investments in companies in Central America, Mexico and Colombia. The total size of the fund is \$90 million, with a minimum of \$54 million to be invested in CAFTA countries.

Housing and mortgage finance

Bancentro/Nicaragua - OPIC has approved a \$10 million loan to Bancentro S.A. of Nicaragua for the financing of mortgage loans for low- and middle-income households. The project is expected to result in approximately 500 mortgage loans for houses in the \$10,000 to \$30,000 range.

Banco Lafise/Honduras OPIC approved a \$15 million loan to Banco Lafise S.A. of Honduras to finance mortgage loans for low- and middle-income households, a project that is expected to result in approximately 750 mortgage loans.

Honduras Homes - OPIC is providing a \$9.2 million loan to a Honduran subsidiary of a U.S. company for the lease-purchase financing of 1400 low-cost homes in the Honduran cities of San Pedro Sula and Villaneuva.

GHP Honduras - OPIC is providing a \$1.5 million loan to a U.S. company for the construction of affordable homes near Tegucigalpa.

Microfinancing

Global Partnerships - a \$7.5 million microfinance fund, supported by a \$4.7 million OPIC loan to Global Partnerships, a Seattle nonprofit organization. The fund will make loans to second-tier microfinance institutions (MFIs) primarily in El Salvador, Guatemala, Honduras, and Nicaragua.

Microfinance International (MFIC) - OPIC is providing a \$4 million loan to MFIC, a U.S. company that provides remittance services in the U.S. in collaboration with MFIs in Latin America. MFIC will use the OPIC loan to make loans to microfinance institutions in several countries in the region.

OPIC-supported Caribbean fund invests in region's telecommunications network



In February, a private equity fund supported by OPIC invested nearly \$24 million in a company which holds controlling interests in a number of telecommunications and broadband providers in the Caribbean, positioning it to enter other markets and take advantage of a wave of consolidations in the region.

The AIC Caribbean Fund invested in Columbus International, which holds

interests in companies such as Cable Company of Trinidad and Tobago and New World Networks, which in turn owns ARCOS, a fiber-optic ring which connects vast parts of the Caribbean, Central America and Mexico to Florida.

AIC Caribbean Fund Managing Director Dale LeFebvre – who sits on the board of Columbus International – said that the fund's focus is on pan-Caribbean companies with strong gross margins and attractive pricing. "

OPIC's board of directors in April 2006 approved \$80 million in financing to support AIC Caribbean, which could ultimately invest as much as

\$250 million in growing businesses throughout the Caribbean.

The fund is designed to make investments in countries of the Caribbean Community (CARICOM), with an emphasis on Jamaica, Barbados and Trinidad and Tobago. Its focus is the tourism, telecommunications, health care, energy, and financial services sectors.



OPIC and the Franchising Sector— Advancing Economic Opportunities

Below are excerpts from an article in the March 2007 issue of *Franchising World Magazine*.

The past five years have seen the agency fix its attention on supporting U.S. small businesses, franchise companies and franchisees among them, to significant effect.

Following establishment of a Small Business Center and Department of Small and Medium-sized Enterprise Financing, OPIC financing support for U.S. small and medium-sized enterprises increased 43 percent from fiscal year 2004 to FY2005. James Morrison, president of the Small Business Exporters Association, called it "one of the most remarkable success stories in the history of federal government support for SMEs."

Even more recently, in 2006, OPIC made a priority of reaching out to

minority and women-owned businesses, and to countries in Central America and the Caribbean, both constituencies primed to reap the benefits of franchising.

OPIC has tailored its financing and political risk insurance products specifically to meet the needs of franchise systems and franchisees looking to expand into the emerging markets of Latin America, Africa, Asia and Eastern Europe.

American small businesses with annual revenues of less than \$35 million, or U.S. citizens with net worth of less than \$27 million may qualify for financing through OPIC's Small Business Center, established in 2003 to streamline

the agency's application process. Committed to completing that process in fewer than 60 days, the SBC is able to provide qualified small businesses with direct loans from \$100,000 up to \$10 million.

For the next step up—American SMEs with consolidated annual revenues greater than \$35 million and less than \$250 million—OPIC is able to provide direct loans ranging from \$10 million to \$250 million.

Finally, for large U.S. franchisees, those with more than \$250 million annual consolidated revenues, OPIC is able to provide financing through guarantees extended to eligible U.S. financial institutions, or to the franchise company.