

# opic News

OVERSEAS PRIVATE INVESTMENT CORPORATION SPRING 2008

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## Access to Opportunity in the Middle East May 5-7, 2008 – Dead Sea, Jordan

**A**ccess to Opportunity in the Middle East is the fifth-annual international investment conference organized and sponsored by the Overseas Private Investment Corporation (OPIC). The objective of the conference is to highlight investment opportunities in the region and to encourage partnerships between U.S. and local businesses.

OPIC has long recognized that the dynamic markets and people of the broader Middle East present great

opportunities for investment in the region. Over the course of its 37-year history, OPIC has provided more than \$5.9 billion in support to more than 400 projects in the Middle East, and OPIC is currently providing more than \$1.9 billion in financing and political risk insurance to 55 projects in the region.



## OPIC Announces \$500 Million Mortgage Lending Program in West Bank

**I**n April, Mr. Robert Mosbacher, Jr., President and CEO of OPIC, announced a \$500 million lending facility that will provide Palestinians living in the West Bank with access to affordable mortgages for home ownership. This facility will inject much needed liquidity into the Palestinian mortgage industry, while also creating new jobs and business opportunities.

OPIC and other project participants signed a Memorandum of Understanding that will lay the ground for the establishment of the Affordable Mortgage and Loan Company (AMAL).

*continued on page 2*



*“With the announcement of this \$500 million mortgage lending facility, we are not only providing thousands of Palestinians with the opportunity to purchase safe and solid shelter, but we are also enabling them to own an asset that can be used as collateral for the creation of wealth.”—Robert Mosbacher, Jr., OPIC President & CEO*

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AMAL will originate affordable residential mortgages with tenors of up to 25 years for low and middle income Palestinian households.

AMAL will be established through a collaborative framework of financing with OPIC providing financing for up to \$250 million. The Palestine Investment Fund (PIF), the International Finance Corporation (IFC), a member of the World Bank Group, and the Bank of Palestine (BoP) will each provide \$75 million in financing. In addition, the

United Kingdom's Department for International Development (DFID) will provide up to \$20 million to support AMAL and the Palestine Mortgage and Housing Corporation (PMHC) will provide up to \$15 million.

Mahmoud Abbas, President of the Palestinian Authority, Salam Fayyad, Palestinian Prime Minister, and Mohammad Mustafa, Chief Executive Officer of the PIF, joined Mosbacher in announcing the project. Former British Prime Minister and current Quartet Envoy Tony Blair also attended the ceremony, while IFC CEO Lars Thunell

participated by video conference.

It is intended that the Cooperative Housing Foundation (CHF), a U.S. international development organization, and the Middle East Investment Initiative (MEII), a U.S. non-profit founded by the Aspen Institute to promote Palestinian development, will provide operational support to AMAL. CHF and MEII previously cooperated on a \$228 million loan program created in 2007 to provide loans to SMEs in the West Bank that is supported by a \$110 million OPIC loan guaranty.

## OPIC Provides Financing for Electricity Project in Jordan

OPIC is providing \$70 million in financing for construction of an electrical power plant in Jordan that is expected to generate cost-effective electricity for the country and transfer new technology and management techniques to its energy sector.

AES Jordan, a joint venture between AES Oasis and Mitsui & Co. of Japan, is using the OPIC investment guaranty to construct and operate a 370-megawatt gas-fired combined cycle power plant in a rural area approximately 15 miles outside of Amman; AES Oasis is an affiliate of AES Corporation, a Virginia-based global power company. The resulting electricity will be purchased by the National Electric Power Company (NEPCO) of Jordan.

The project is the first independent power provider project to be implemented under the new Private Sector Power Generation Policy of Jordan, designed to establish an environment for the sustainable development of the country's power industry and improve the quality and efficiency of electric services in the country.

Once completed, the plant will increase Jordan's power generation capacity by approximately 20 percent and is expected to reduce the average cost of generation by approximately 10 percent; specifically, it will have an

electricity tariff that is 15 percent lower than the current annual average for NEPCO and 40 percent lower than for electricity imported from Egypt and Syria.

*"AES is pleased to invest in Jordan and to expand our presence in the Middle East through this project. During the past six years, Jordan has experienced good economic growth and macroeconomic stability, and AES's new project in the country will help continue to fuel that progress." —Paul Hanrahan, AES president and CEO*

## U.S. Small Business Uses OPIC Loan to Build Homes in Iraq

OPIC is providing a \$10 million loan to Sigma International Construction, a small business 65 percent owned by a U.S. citizen, to build nearly 400 single-family homes outside a Kurdish city in northern Iraq.

Sigma International Construction is using the OPIC loan for the construction of 396 middle-income houses

outside the city of Erbil in northern Iraq. The project will include provision of infrastructure such as interior roads, a power generation facility, a water storage tank, and a sewage treatment plant. When completed, it will also feature a community market, school and recreation area. Land for the project was allocated by the Kurdish regional government.

Sigma International Construction established operations in Iraq in 2003 after the fall of the Saddam Hussein regime and has completed numerous projects for the U.S. and Iraqi governments, most notably the reconstruction of the Ministry of Defense building, police training centers in Suleimaniyah and Baghdad and most recently an Iraqi Army Brigade Garrison at Muthannah Airport in Baghdad.

*"OPIC is pleased to work with a U.S. small business on a project with so many positive developmental benefits." —Robert Mosbacher, Jr., OPIC President & CEO*

## OPIC Supports Lebanon Recovery

Following the conflict in Lebanon in 2006, OPIC announced that it would support the international initiative to rebuild Lebanon's economy by providing financing to a lending facility and investment fund.

In the first project, OPIC has partnered with Citigroup and is providing a \$120 million loan facility that will mobilize up to \$160 million in private capital for home reconstruction, mortgage financing and small and medium-sized enterprises. The facility is enabling OPIC to leverage in-country bank skills and assets, thereby multiplying its abil-

ity to support loans in Lebanon.

For the second, OPIC is providing \$100 million in financing for a private equity investment fund, called EuroMENA Fund, established to invest in the regional expansion of middle market companies in the Middle East and North Africa, with a primary focus on Lebanon, as well as Jordan, Egypt, and Morocco. The fund has a target capitalization of \$300 million.

The fund's strategy is to establish regional leaders in diverse sectors through consolidation and mergers. The fund is working to enhance man-

agement quality, improve research and development, implement corporate governance structures, and optimize financial reporting and transparency in its portfolio companies. The ultimate goal is to build more efficient and more profitable regional businesses.

OPIC selected as fund manager The Capital Trust Group, a 20-year-old private equity, real estate and corporate finance advisory firm operating in the United States, Europe and the Middle East. The EuroMENA Fund is the seventh fund raised and managed by the Capital Trust.

## OPIC Investment Funds in the Region

OPIC's Investment Funds have been very active in the Middle East, and currently have nearly \$250 million committed to five funds in the region. The expected investment for the five funds is expected to top \$750 million.

The **Catalyst Private Equity Fund** is using \$33 million in OPIC financing to invest in small and medium-sized enterprises (SMEs) in the energy and water industrial and technology sectors in Jordan, Lebanon, Egypt, West Bank and certain OPIC-eligible countries in the MENA region—one of the world's largest markets for oil/gas industrial and technology products and water treatment technologies, particularly desalination. Capital may be made available for other high-priority OPIC-eligible countries, such as Pakistan and Afghanistan. The fund has a target capitalization of \$100 million.

The **Foursan Capital Partners Fund**, is targeting \$150 million, \$50 million of which is from OPIC, for investments in private, small and medium-sized Jordanian firms. The Fund is multi-sectoral but is placing an emphasis on promising sectors in Jordan, such as telecommunications, information technology, financial services, aviation,

education and medical/pharmaceuticals.

OPIC is also providing \$100 million in financing to the **EuroMENA Fund**, a private equity investment fund established to invest in the regional expansion of middle market companies in the MENA region with a primary focus on Jordan, Egypt, Lebanon and Morocco. Potential target sectors include banking and insurance, construction materials and services, pharmaceuticals, chemicals, cosmetics, food and beverage production, consumer products and specific industrial products.

The fourth fund, **Jordan International Housing Fund**, will use \$20 million in financing from OPIC for a target capitalization of \$60 million. This fund was established to invest in markets that are experiencing rapid growth in housing demand, and will focus on Jordan, with a secondary focus on other countries in the Middle East.



Finally, OPIC is providing up to \$45 million in financing to the **Emerging Capital Partners MENA Fund**. The Fund seeks to achieve long-term capital appreciation through investment in growth stage and mature companies in the Middle East and North Africa. The Fund will focus on a variety of sectors including food processing, consumer-related retail and distribution, telecommunications, media, energy, light manufacturing, transportation, chemicals, logistics and financial services.

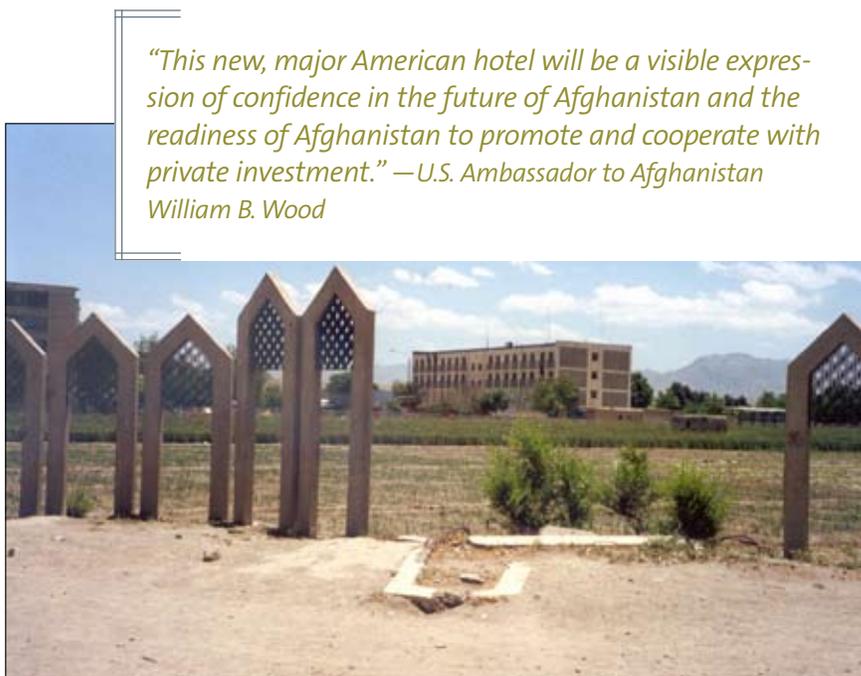
PHOTO BY APACHE CORPORATION

## Lease Agreement Signed on \$80 Million Five-Star Hotel Project in Afghanistan

In early 2007, OPIC's Board of Directors approved financing for construction of a 209-room, five-star hotel in Afghanistan, a project that will provide accommodation for foreign investors, an important boost to reconstruction efforts in the country, and a gateway for returning Afghan citizens who have spent time outside of their homeland. Soon after board approval, a lease agreement was executed between the government of Afghanistan and the hotel project operating company.

The U.S. sponsor, General Systems International (GSI), a Delaware-based company, is building the hotel on a major road in Kabul, with easy access to the city's airport and to major embassies and government offices. The hotel will provide a full range of facilities and services, including a communications and business center, seminar and meeting facilities. Once completed, it will be managed by Marriott International.

The project is expected to generate several million dollars annually in foreign exchange, as well as 270



*"This new, major American hotel will be a visible expression of confidence in the future of Afghanistan and the readiness of Afghanistan to promote and cooperate with private investment." —U.S. Ambassador to Afghanistan William B. Wood*

permanent jobs for local Afghans, and Marriott will implement a training program for all hotel employees. Afghan suppliers will provide materials, equipment, supplies and services for the project. GSI expects to maximize

use of Afghan expertise in construction management, architecture and specialty construction. The company sees the project as the first step of its involvement in helping the Afghan people rebuild their country.

## OPIC Insurance Supports Energy Development in Egypt

In July 2006, OPIC's Board of Directors approved \$200 million in political risk insurance to Houston-based Apache Corporation, the largest U.S. investor in Egypt. Apache Corporation is using the insurance to support its "2X" project, a multi-billion dollar program that aims to double oil and gas production from Apache's concessions by the end of 2010. Among the concessions is the Qasr field: with more than two trillion cubic feet of gas and 50 million barrels of estimated recoverable reserves, it is the largest field ever found by Apache. The majority of the oil and gas produced by the concessions will be used

for domestic consumption.

In addition to generating hundreds of permanent local jobs and substantial tax revenues for the Egyptian government, the project supports the construction of 200 schools for Egyptian girls in rural communities by an Apache-sponsored nonprofit organization, *Springboard—Educating the Future*.

The project is OPIC's second with Apache. In April 2004, OPIC's board approved \$300 million in insurance to support Apache's effort to help Egypt shift the emphasis of its energy production from oil to more environmentally-friendly natural gas.

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