OVERSEAS PRIVATE INVESTMENT CORPORATION

OPIC Highlights

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OPIC Supports U.S. Investment and Development Needs in Africa

Historically OPIC has provided more than $3.6 billion in finance and insurance to support 294 projects in financial services, manufacturing, energy and construction. OPIC's current finance and insurance support provides more than $881 million to 33 projects ranging from housing to manufacturing to construction.

OPIC Pledges Support For Regional Transportation Network in Malawi, Mozambique and Zambia

On June 27, 2003, U.S. Secretary of State Colin L. Powell witnessed the signing of a statement of common objectives between OPIC and a consortium working to rehabilitate an existing rail and port system that would enable Malawi, Mozambique and Zambia to reduce the cost of transporting petroleum and much-needed food, as well as exports. OPIC President and CEO Dr. Peter Watson, Chairman Robert Pietrandrea of the Central East Africa Railways Company, and Chairman Alberto Joaquin Chipande of the Corredor de Desenvolvimento Do Norte signed the agreement at the Corporate Council on Africa's fourth U.S.-Africa Business Summit. President Joaquim Chissano of Mozambique, President Levy Mwanawasa of Zambia, and Vice President Justin Malewezi of Malawi joined Secretary Powell in witnessing the signing.

The project, called the Nacala Port and Railway Initiative, is intended to rehabilitate the Nacala railway corridor between Mozambique and Malawi, and refurbish the deep-water port of Nacala in Mozambique. Dr. Watson first announced that OPIC would support the project at the World Summit on Sustainable Development in Johannesburg last August 2002. OPIC will provide $29.6 million in financing to the project.

Successful completion of the project would help the signatories' efforts to "significantly enhance their agricultural productivity and exports through increased access to expanded rail and port facilities, and provide a more direct, and less costly, means of transporting essential food aid to famine-stricken countries," according to the joint statement. The project would also serve as "tangible and long-term demonstration of US - Africa economic growth in the region," and would "contribute humanitarian cooperation in times of need," the agreement states.

"The Overseas Private Investment Corporation — OPIC — has done a wonderful job with programs to meet Africa's hunger for productive investment. Since October 2001 alone, OPIC has approved over three-quarters of a billion dollars for projects in sub-Saharan Africa to combat the scourge of HIV/AIDS, to provide decent housing for low-income Africans, to give African children access to clean, life-giving water, and to help farmers grow and market their crops."

.....Colin L. Powell, U.S. Secretary of State

Helping HIV-positive Homeowners

A $250 million OPIC loan will provide treatment for HIV-positive homeowners in South Africa, enabling them to keep their homes by guaranteeing banks against the risk of defaulted mortgage payments. The project stands to help at least 350,000 South Africans obtain new mortgages and keep their homes.

Under the project, provision of mortgages will not be limited to HIV-positive persons. Should a homeowner miss a mortgage payment and be found to be HIV-positive, the treatment program will be initiated for the affected individual and monitored closely by participating clinics.

The loan will be provided to Housing for HIV Inc., a newly formed organization set up as a joint venture between New York-based Shared Interest, Inc. and South African-based Home Loan Guaranty Company (HLGC). Housing for HIV Inc. will raise an additional $50 million from U.S. foundations to form a $300 million pool of funds. Net proceeds from the investment pool will be used to purchase medication for HIV-positive homeowners in South Africa who hold mortgages from banks that are guaranteed by HLGC. Treatment and education for affected homeowners will be provided through additional agreements with South African clinics.

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Because banks are reluctant to make new housing loans to low-income borrowers with HIV/AIDS, by providing HIV treatment and a guaranty to keep homes in homeowners' hands, this innovative project both respects the dignity of HIV positive homeowners and values them as productive members of society.

The project addresses several objectives of the Bush Administration's Emergency Plan for AIDS Relief, which President Bush announced during his State of the Union address on January 28. The emergency plan aims to prevent seven million new AIDS infections, treat at least two million people with life-extending drugs, and provide humane care for millions of people suffering from AIDS in Africa.

Providing Housing in South Africa

This OPIC-supported project will provide low-income housing affecting more than 250,000 family members as well as providing potable water to 90,000 homes.

Most importantly, the project will increase the amount of low-cost quality housing available to low-income families. All housing will be in conformance with the requirements of provincial and national housing standards. The development of housing will also result in an extension of the electrical supply, water supply, and sanitary system, as well as increase the availability of community facilities.

The project involves an expansion of the National Urban Reconstruction Agency's (NURCHA) bridge-financing program. The program provides loan guarantees that enable commercial banks to advance funds to developers for the construction of low-income housing and certain community facilities and associated infrastructure that are oriented to low-income families.

Providing ongoing training for workers and experience for many small local developers will be important components of this project. Planning, budgeting, and management training are particularly important to NURCHA. It has accounted for nearly every successful woman contractor and developer currently working in South Africa.

The project will also increase employment in other areas of the economy and stimulate small businesses. Local suppliers will benefit from the use of local raw materials. By providing credit to small businesses the project will also mobilize local capital.

At least 1,560 of temporary jobs related to construction will be created, of which 360 are managerial, professional, or technical. Over $20 million will be spent in South Africa on initial procurement for the project.

OPIC President and CEO Dr. Peter Watson with US Ambassador Johnnie Carson at a community well project near Nairobi, Kenya.

Bringing Potable Water to Communities

Following on last year's groundbreaking project in Kenya, OPIC recently gave a direct loan of $100,000 to Living Water International (LWI), a U.S. nonprofit corporation, for the development of water wells in Ghana. The funds will be used to purchase a new drilling machine and air compressor, and other necessary equipment and materials to complete the planned wells. The funds from this investment will enable LWI to significantly increase its production capacity.

According to LWI, childhood illnesses caused by waterborne diseases have been reduced from 95 percent to less than 5 percent in communities where pure drinking water has been provided. All wells will be tested for contamination before commencing water supplies in order to protect public health. Water boards comprised of local citizens are established at each well site. These water boards are encouraged to sell the water for a penny a bucket to finance the maintenance and to give the communities a sense of well ownership. Additionally, local citizens are trained to drill and maintain the wells, pumps and storage tanks, keeping them free from contamination.

Expanding Investment in Africa

OPIC approved a $125 million guaranty facility that will help expand investment in Africa.

The facility will enable Citibank to provide additional U.S. dollar and local currency project and corporate loans in sub-Saharan Africa, with an initial focus on Angola, Botswana, Cameroon, Ethiopia, Kenya, Mali, Mozambique, Nigeria, Senegal, Tanzania and Uganda. Citibank will originate and structure all individual loans, but each loan made will be cleared by OPIC for its effect on the U.S. economy, environmental impacts, and human and workers' rights. A portion of the facility will be reserved for small- and medium-sized enterprises.

OPIC Insurance Enables Angolan Flour Mill To Restart

OPIC's political risk insurance has enabled a U.S. business to rehabilitate a flour mill in Angola, more than tripling its production capacity and thereby helping that country address a scarcity of domestically produced food.

OPIC will provide $6 million in insurance to Seaboard Overseas Ltd., a subsidiary of Seaboard Corporation of Shawnee Mission, Kansas, for the rehabilitation and operation of a flour mill formerly known as Moagem Herois De Kangamba, located in Viana, nine miles east of the capital of Luanda. The mill will produce and market wheat flour and wheat bran for animal feed at a rate of 200 metric tons per day (MTD), compared to its 1999 capacity of 65 MTD.

The project will help to alleviate scarcity in the Angolan domestic wheat flour market, making bread in particular more affordable to Angolans.

"By providing a staple food item at a reduced cost, as well as jobs for local residents, this project will directly benefit the Angolan population and economy," said Dr. Watson, OPIC President & CEO.

OPIC is a U.S. government agency that helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy.

Because OPIC charges market-based fees for its products, it operates on a self-sustaining basis at no net cost to taxpayers. Since 1971, OPIC has supported nearly $145 billion worth of investments that will generate $65 billion in U.S. exports and create more than 254,000 American jobs.

For general information, contact OPIC's InfoLine at (202) 336-8799. For information via the Internet please go to http//www.opic.gov.