



OPIC Highlights

OPIC-Supported U.S. Investment In Central America Helps Region Meet Developmental Needs

Historically OPIC has provided nearly \$1.8 billion in financing and political risk insurance to 266 projects in the Central American nations of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. OPIC is currently providing nearly \$426 million in support to 27 projects in the region, in sectors ranging from tourism and financial services, to manufacturing and energy.

Bringing Electricity To Rural Nicaragua

OPIC is providing \$2 million in political risk insurance to a U.S. small business for the development of a diesel-fired power plant in northeastern Nicaragua - the first U.S. investment in that remote region of the country.

American & Caribbean International Corporation, an engineering firm from Pinecrest, FL, will use the OPIC coverage for construction and operation of a 4.5-megawatt power plant near Puerto Cabezas, a two-phased project that will serve as the sole source of energy for the city. The first phase will



involve installation and start-up of a 1.5 MW unit; the second phase will see installation of two additional 1.5 MW units. Electricity generated by the plant will be sold to the Nicaraguan national electricity company, ENEL.

Nicaragua, the largest country in Central America, currently has one of the lowest levels of electricity usage in the region: only 51 percent of the

country's population has access to electricity, and the supply is unreliable, resulting in frequent brownouts. Nicaragua's Energy Institute expects power demand to grow by six percent annually over the next 20 years, requiring \$1.8 billion in investment to boost capacity by nearly 1,200 MW. The country began to privatize the sector in 1996.

"Reliable electrical service is a vital ingredient for economic growth in developing countries. This project will enable a remote region of Nicaragua to enjoy multiple developmental benefits, including improved infrastructure and industrial output," said OPIC President and CEO Dr. Peter Watson. "At the same time, OPIC is pleased to support a U.S. small business with political risk insurance it would not be able to find in the private sector."

Enabling A U.S. Small Business To Expand

OPIC political risk insurance will enable a U.S. small business to expand its advertising operations in Central America to Guatemala and Nicaragua, OPIC President and CEO Dr. Peter Watson announced.

OPIC will provide \$500,000 in insurance to Colite Outdoor of West Columbia, SC, to cover the construction of 15 billboards in residential and commercial areas of the countries' capital cities - ten in Guatemala City, five in Managua. The project will help those countries standardize billboard



construction, as well enhance their quality, durability and appearance. Advertising space on the billboards will be sold to American companies operating in the countries, as well as to local businesses.

OPIC, through an October 2000 contract, had already helped Colite Outdoor establish operations in Costa Rica, El Salvador and Panama.





Alleviating A Housing Shortage In Guatemala

OPIC is providing political risk insurance for a mortgage securitization project in Guatemala that will inject much-needed long-term capital into the industry, helping the country to alleviate its housing shortage and to standardize its mortgage procedures.

OPIC will provide \$15 million in insurance coverage to Mercury Mortgage Finance-Guatemala, Ltd. of Miami for a project which will raise \$100 million through a bond offering in the U.S. capital markets for the acquisition and securitization of new home mortgages originated by local private banks in Guatemala. The mortgage notes will then be used as collateral and primary source of repayment for mortgage-backed securities to be issued by a Mercury Mortgage-created trust and sold in the U.S. to qualified institutional buyers.

The residential real estate portfolio will consist of single-family homes with market value ranging from U.S.

\$30,000 to \$350,000, to be built in or around Guatemala City.

Guatemala's housing market is characterized by little liquidity and an estimated housing shortage of over 750,000 units, according to the Guatemalan housing insurance agency.

A Housing Agreement With Nicaragua

In January 2003, OPIC concluded an agreement committing the agency to provide a \$30 million direct loan to help establish a mortgage loan market in Nicaragua, assisting that country's effort to address a serious shortage of middle-income housing. The deal was closed at a signing ceremony attended by Nicaraguan President Enrique Bolanos and U.S. Ambassador to Nicaragua Barbara C. Moore.

OPIC will provide the loan to a new special purpose company, the proceeds of which will be used to refinance mortgage loans originated by Bancentro in Nicaragua, one of the

nation's largest commercial banks. This liquidity will help Bancentro create mortgage loans for approximately 1000 to 2000 newly-constructed middle-income houses in the capital of Managua. Market value of the houses would range from \$20,000 to \$40,000 each.

Lack of bank capital available for medium- to long-term single-family mortgage loans is a major contributor to the city's housing shortage, which the Inter-American Development Bank estimates at 300,000 to 500,000 homes. By helping Nicaragua develop a reliable record of mortgage loan payments, which in turn will attract future investors, OPIC is applying a successful U.S. housing finance model to stimulate the creation of a primary and secondary mortgage loan market in the country.



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>.

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