

OPIC Highlights

Support to The Americas Remains Strong

In The Americas and around the world, OPIC leads the way for private-sector investment. OPIC's insurance, finance, and investment funds programs support U.S. businesses of all sizes, advance U.S. foreign policy, encourage economic development in emerging markets, and generate U.S. jobs and export growth. OPIC's products have enabled dozens of American businesses to take advantage of sweeping economic changes throughout The Americas, helping to develop the region and stimulate the U.S. economy through the creation of exports that support American jobs. OPIC has recently undertaken a number of initiatives to

target specific development needs in the region, including an expedited process for approving projects in those countries affected by devastating hurricanes as well as a new program to support U.S. businesses interested in the region's housing market. In total, OPIC is providing more than \$5.3 billion in political risk insurance and financing to projects in The Americas that are helping the U.S. businesses expand their opportunities and presence abroad. These projects represent 42 percent of OPIC's global portfolio. The region is clearly an important strategic partner for OPIC and U.S. investors. ☉

U.S. and Mexico Sign Bilateral Agreement Paving Way For Full OPIC Activity



In June 2003, the United States of America and the United States of Mexico concluded a bilateral agreement that would enable the OPIC to offer all its programs and services in Mexico,

America's second-largest trading partner. The agreement must be ratified by the Mexican Chamber of Senators to become effective.

Mexican Secretary of the Economy Fernando Canales and OPIC President and CEO Dr. Peter Watson signed the agreement at a Partnership for Prosperity investment conference in San Francisco. OPIC has been able to support only U.S. small businesses investing in Mexico since early 2001.

Initially, OPIC intends to focus on projects in the education, municipal infrastructure and environmental sectors in Mexico. Additional opportunities will be explored in the housing and water infrastructure sectors. The agreement will also enable OPIC to work with its sister agencies, the U.S. Trade and Development Agency and the Export Import Bank of the U.S., to provide investment support in Mexico.

"Conclusion of this bilateral agreement between the United States and Mexico represents not only the fulfillment of several principal goals of the Partnership for Prosperity, but the culmination of years of OPIC efforts to strengthen our own ties to support economic development in Mexico, America's second-largest trading partner," said Dr. Watson. "The result, I am confident, will help to further unleash the entrepreneurial capacity of Mexican businesses, and consequently bring important developmental benefits to the Mexican people."

President Bush and President Fox of Mexico established the Partnership for Prosperity in 2001 as a public-private alliance to spur private-sector economic growth throughout Mexico. The partnership draws on the best ideas of U.S. and Mexican economists, business people, development experts, and policymakers to promote U.S. direct investment in Mexico. ☉

OPIC Projects Update Infrastructure in Latin America



Transportation infrastructure in Latin America received a boost in April 2003, when OPIC announced projects that will update Ecuador's main airport and Brazil's railway system, setting the stage for economic growth in each country.

On April 24, OPIC's board approved up to \$200 million in OPIC financing for the construction of a new international airport in Ecuador, enabling the country to move one of its two main airports out of the center of Quito and

thereby accommodate greater commercial air traffic and improve safety. Establishment of a new airport is a priority for Ecuador: the downtown location of existing Mariscal Sucre airport restricts approach and take-off paths and limits payload and revenue-generating capacity. OPIC will provide an investment guaranty to Corporación Quiport S.A. (Quiport), established in part by U.S. sponsor HAS Development Corporation, affiliated with the Houston Airport System, for the construction of a new airport approximately 15 miles outside Quito and the continued operation of the existing airport until the new one is completed.

On April 25, OPIC announced that a U.S. small business and its Brazilian subsidiary would use OPIC financing to rent railway cars to users of the Brazilian railroad system, helping that country meet growing transportation needs in its agribusiness and other foreign exchange earning industries.

OPIC will provide a \$2 million loan to Global Railroad Leasing (GRL) of San Antonio, Texas, for the purchase of used railway cars from U.S. suppliers. GRL will rent the cars — called hoppers — to its Brazilian affiliate, FerroLease, a joint venture between GRL and GRUPO ATT, Brazil's largest independent railroad terminal operator. FerroLease will retrofit the cars for use on Brazilian rail lines and rent them to agribusinesses and other export sectors. Brazil's transportation market currently suffers from a lack of capital, resulting in a shortage of railroad cars to serve a growing demand for freight service. ☉



OPIC Financing Will Enable a U.S. Small Business to Expand Its Network and Information Security Operation in Latin America

In 2003, OPIC will provide a \$2.25 million loan to Etek International Corporation of Miami, FL, for the establishment of security network management and monitoring infrastructure (SOCs) in Miami, Argentina, Brazil, Chile and Colombia. The SOCs will provide security monitoring for Etek clients

in those countries, including firewalls, intrusion detection and anti-virus monitoring, authentication, web filtering and a 24-hour help desk.

Etek's network and information security solutions not only prohibit unauthorized access to clients' systems from outside parties, but unauthorized internal uses as well, such as access to internal confidential records.

Dr. Watson said the project would assist small- and medium-sized enterprises (SMEs) in Latin America, where the network security market is in early stages of development.

"SMEs must have adequate security in order to take full advantage of the Internet's

potential. That level of support has been lacking in Latin America, so OPIC is pleased to support a project that is addressing a real market need," he said. ☉

Flama de Oro, S.A. (Guatemala)

The Orifloma Coffee Farm, operated and owned by U.S. citizen Walter Adams and his family, has been producing high-quality coffee in Guatemala for nearly 80 years, with a particular emphasis on environmental sustainability and commitment to improving the lives of its workers. In 2003, a \$300,000 OPIC loan will enable Orifloma to undertake a \$520,000 improvement and expansion of its operations.

The Orifloma Coffee Farm will switch to a new, improved variety of high-quality arabica coffee, a move that is expected to increase revenues and support employment for approximately 200 workers in the local economy during the next five years. In demonstration of its high-quality product, Orifloma received international recognition for its excellent coffee in the 2001 Cup of Excellence Competition.

The business is environmentally friendly, using an innovative recycling and conservation process for water used in growing and cleaning the coffee and the parchment used to dry it. It also uses cultivation techniques that support habitat for resident and migratory birds, amphibians and other wildlife.

Orifloma treats workers and their families with dignity, providing training and supporting medical services for workers, making sure they are registered for Guatemalan social security, and providing transportation to school for their children. ☉

OPIC to Help Solve the Housing Shortage

Only the combined strength of public, private, local, and international investment can reduce the housing deficit in the world's emerging markets. That is one reason OPIC has made housing a strategic priority.

OPIC has approved a \$2.5 million loan to the U.S. nonprofit, Cooperative Housing Foundation (CHF). Proceeds of the loan flow through CHF to Mexican nonprofit



organizations, which in turn lend money to private citizens to finance home improvements or new home construction. The project especially targets the need for safe and adequate housing for workers along the U.S.-Mexico border. CHF is also offering educational programs for potential lenders and borrowers.

A Home of Their Own

With little liquidity and an estimated shortage of over 750,000 units, Guatemala's housing market typifies the problems experienced in developing economies. A lack of consistent long-term financing often leaves low- and medium-income buyers unable to obtain mortgage loans. OPIC has approved \$15 million in insurance coverage for a project that will serve as a catalyst for the creation of a secondary mortgage market in Guatemala. The insurance will enable Mercurio Mortgage Finance-Guatemala, Ltd., of Miami, to raise \$100 million through a bond offering in U.S. capital markets to acquire and securitize new home mortgages originated by private Guatemalan banks. The mortgage notes will then be used as collateral and the primary source of repayment for mortgage-backed securities sold in the U.S. to qualified institutional buyers. All of this should help lower interest costs, increase the availability of mortgage funds, and standardize mortgage procedures.

OPIC to Help Solve the Housing Shortage in Nicaragua

OPIC provided a \$30 million direct loan for a special purpose company to purchase residential mortgage loans originated by Bancentro. This gave Bancentro — whose majority owner is the project's U.S. sponsor, Roberto Zamora of Latin American Financial Services Corp. (LAFISE) — the necessary liquidity to create mortgage loans for the 1,000 to 2,000 new middle-income homes being built in the Managua area as a revitalized mortgage market gives banks the confidence to issue new home construction loans. ☉

OPIC Loan to Support a Franchise in Belize City

On March 2002, Rapid Mail Company Ltd. received a \$100,000 direct OPIC loan to open a Mail Boxes Etc. (MBE) franchise in Belize City -- the first business to provide a full range of packing, shipping, and private mail services in a country heavily dependent on the import of manufactured goods from the U.S. ☉

OPIC Microcredit Financing in Bolivia

On March 7, 2001, a loan for \$1 million was given to Boston-based ACCION International to help microbusinesses in Bolivia gain access to the credit they need to grow. The OPIC loan, accompanied by a \$1 million ACCION Latin America Bridge Fund guarantee, helped fund the operations of ACCION's Bolivian microfinance affiliate, BancoSol.

The Bridge Fund issued a letter of credit to enable BancoSol to borrow directly from local banks, increasing BancoSol's pool of capital for microloans and strengthening the links between microenterprise and the banking sector. Founded in 1992, BancoSol is the first commercial bank in the world dedicated exclusively to providing financial services to microentrepreneurs. The OPIC/ACCION partnership represents OPIC's second major microlending initiative.

The goal of this joint OPIC/ACCION investment was to meet the credit needs of Bolivians who start their own businesses but lack access to the capital needed to make them grow. The financing is specifically for portfolio growth, which enhanced BancoSol's ability to finance microcredit in Bolivia. BancoSol is the largest microlender in Bolivia, with nearly 63,000 clients and an active loan portfolio of \$80 million. For many years, BancoSol has helped shape microfinance in Bolivia, which has one of the most advanced microfinance sectors in the world.

ACCION International, a pioneer microlender in Latin America and the Caribbean, Africa, and the United States, serves poor women and men — street vendors, carpenters, seamstresses — who start their own tiny businesses to support their families. ☉



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 more information and to subscribe to OPIC News please go to <http://www.opic.gov>. ☉