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OPIC provides \$150 million for tsunami reconstruction initiative



OPIC will establish a special line of credit of \$150 million to mobilize U.S. investment in the reconstruction of nations devastated by the December 26 tsunami, OPIC President Dr. Peter Watson announced in January.

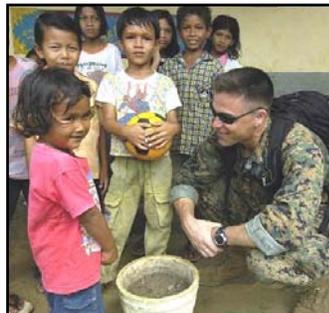
✓ Work with nongovernmental organizations to launch micro-financing facilities to



The credit line is part of an OPIC Tsunami Reconstruction Finance Initiative intended to help speed the rehabilitation of housing and infrastructure in affected countries, with special emphasis on Indonesia, Sri Lanka and Thailand.

Through the tsunami initiative, OPIC will:

- ✓ Work with U.S. businesses to support long-term reconstruction with financing for physical infrastructure projects,



promote the growth of local industries.

OPIC will also establish an internal task force to manage the tsunami initiative, as well as implement expedited approval processes to speed reconstruction projects.

"The December 26 tsunami was one of the most devastating natural disasters in modern history, with a scale of destruction and human suffering that deserves the dedicated support of the international community."

- Dr. Peter Watson, OPIC President & CEO

"Once initial relief has been provided, reconstruction of infrastructure along tsunami-affected areas will be critical to the long-term redevelopment of the region - and that is where OPIC can help," Dr. Watson said. "OPIC will



including power supply, clean water supply and distribution, and transportation projects;

- ✓ Support a combined housing construction and long-term finance program to deliver quality housing units for rent or sale on a lease/purchase basis; and

marshal its resources to mobilize American businesses to help reconstruct local economies -and hopefully restore the hopes and livelihoods of populations so terribly affected by the tsunami."



Photos: U.S. Navy

MESSAGE FROM THE PRESIDENT

I wish to express, on behalf of OPIC, our profound condolences to families of the victims of the December 26 tsunami throughout the Indian Ocean region. The tsunami was one of the most devastating natural disasters in modern history, with a scale of destruction and human suffering that deserves the dedicated support of the international community.

OPIC's first announcement of 2005 was the agency's Tsunami Reconstruction Finance Initiative, which aims to help speed the rehabilitation of housing and infrastructure in affected countries.

Through the initiative, OPIC will establish a special line of credit of up to \$150 million to mobilize U.S. private sector investment in the reconstruction of nations devastated by the tsunami.

In addition, OPIC will:

- ✓ Work with U.S. businesses to support long-term reconstruction with loans and guarantees for physical infrastructure

projects, including power supply, clean water supply and distribution, and transportation projects;

- ✓ Support a combined housing construction and long-term finance program to deliver quality housing units for rent or sale on a lease/purchase basis; and
- ✓ Work with nongovernmental organizations to launch micro-financing facilities to promote the growth of local industries.

OPIC will also establish an internal task force to manage the initiative, as well as implement expedited approval processes to speed reconstruction projects.

OPIC is eager to work with U.S. companies, and organizations such as American Chambers of Commerce, to help realize the goals of our tsunami reconstruction initiative. OPIC has a dedicated and experienced staff of professionals who welcome the opportunity to work closely with American businesses on projects spanning the spectrum of sectors, to help restore local economies.



Dr. Peter S. Watson

Reconstruction of infrastructure along tsunami-affected areas will be critical to the long-term redevelopment of the region. OPIC will marshal its resources to help achieve that goal -and hopefully restore the livelihoods of populations so terribly affected by the tsunami.

OPIC to provide \$300 million in insurance for natural gas development in Egypt

OPIC in January made a commitment to provide \$300 million in political risk insurance to a U.S. company that is helping Egypt shift the emphasis of its energy production from oil to more environmentally-friendly natural gas.

Houston-based Apache Corporation, the largest U.S. investor in Egypt, will use the OPIC insurance to develop various oil and gas concessions in Egypt. Apache's natural gas discoveries in the Western Desert have already played a significant role in helping Egypt to convert much of its thermal power generation capacity from oil to natural gas, and in providing the resources necessary to meet growing local energy needs as well as expanding Egypt's hydrocarbon exports. Egypt's production of crude oil from maturing oil fields is declining, while

large discoveries of gas have emerged in the Western Desert and Nile Delta.

"The oil and gas sector is an increasingly important part of the Egyptian economy. Apache's continued investment in the sector will be critical to Egypt's ability to meet both domestic and export demand," said OPIC President and CEO Dr. Peter Watson."



Apache Corporation, which is helping Egypt develop its natural gas resources with the support of OPIC political risk insurance, also invests in a girl-friendly school near Sakarra, above right.



FOR MORE INFORMATION:

Overseas Private Investment Corporation
 1100 New York Avenue, NW
 Washington, D.C. 20527
 Tel: 202-336-8799
 Website: www.opic.gov

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Inquiries concerning *OPIC News* content: Timothy Harwood, editor tharw@opic.gov

Africa in focus:

OPIC financing for desalination project in Algeria; Ghanaian bank backed by OPIC fund completes IPO

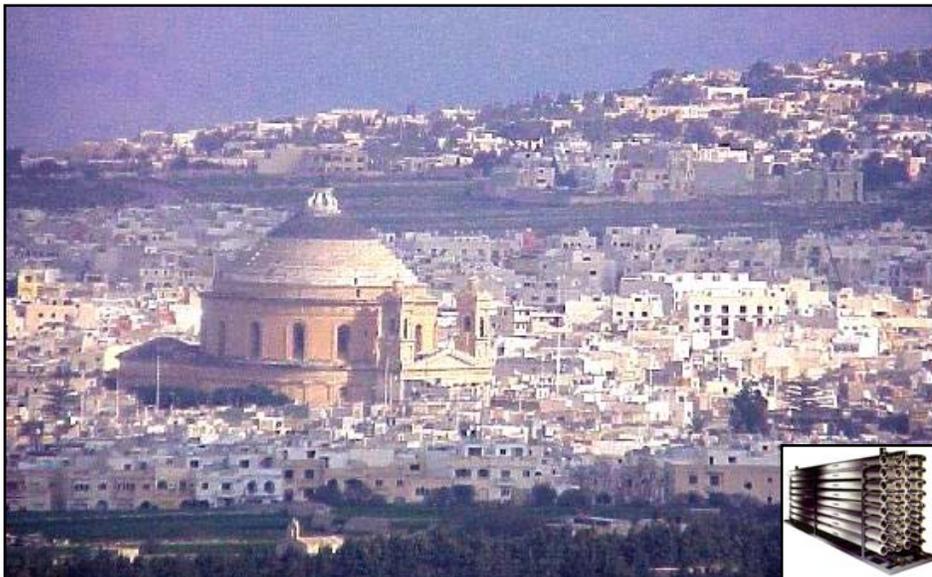
OPIC's board of directors in January approved \$200 million in financing for a desalination project in Algeria that will supply urgently needed potable water to 25 percent of its capital city's population.

OPIC will provide a loan to Hamma Water Desalination SpA, sponsored by Ionics Incorporated of Watertown, MA, for the construction and operation of a reverse osmosis seawater desalination facility

government's effort to attract private capital to water infrastructure projects.

Closing a circle in another successful OPIC project in Africa, an investment made by the first OPIC-supported private equity fund completed an initial public offering on the Ghanaian stock exchange and realized a 700 percent return on OPIC's investment.

CAL Bank of Accra, founded in 1990,



Ionics Incorporated of Watertown, MA, will use \$200 million in OPIC financing and its own state-of-the-art technology, inset, to construct a desalination facility in Algiers that will supply urgently-needed potable water to the city's population.

that will deliver 200,000 cubic meters of potable water daily to Algiers through a joint venture with the state-owned Algerian Energy Company. The project will establish the first private reverse osmosis potable water desalination plant in Algeria.

OPIC President and CEO Dr. Peter Watson said the project would help Algiers meet an urgent need for potable water - household consumption in the city is approximately 15 gallons per day, about one-seventh that of average U.S. consumption, and half of the city receives water only one out of every three days - and support the Algerian

received financing from the OPIC-supported Africa Growth Fund, established a year earlier with shareholders including Citicorp, the Rockefeller family, Coca Cola, and two engineering firms, M.W. Kellogg and the Lummus Company.

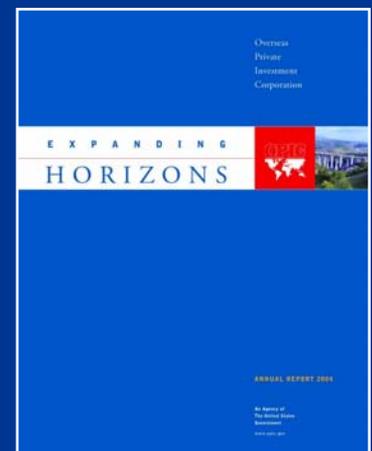
Over the years, often through difficult times, CAL has developed into a successful financial institution. The company went public on the Accra Stock Exchange in November 2004, with the bank's employees now sharing ownership. OPIC exited its investment at a substantial profit but continues to maintain close relations with the bank.

New OPIC annual report reviews a successful 2004

OPIC's 2004 annual report, *Expanding Horizons*, details a very productive year: a record number of small business projects, a new mechanism for capturing OPIC's developmental benefits, and innovative uses of OPIC products. Below are excerpts from Peter Watson's letter:

"In 2001, I came to OPIC optimistic about the potential of U.S. private investment -- in partnership with public support -- to bring economic and social development to the world's less-developed countries. Today, I still see continually expanding horizons and an endless stream of opportunities throughout the developing world for entrepreneurial businesses to apply their boundless creativity to help nations grow and their populations prosper.

"..In 2004, we fulfilled that mission by reexamining, rethinking and retooling the mechanisms by which we deliver our financial products and services. As a result, we brought the benefits of economic development to more people, in more places, through more innovative loans, guaranties, and political risk insurance products, and with more business participants, than ever before."



U.S. small business uses OPIC loan to reconstruct **hydropower facility** in Kosovo

A U.S. small business will use an OPIC loan to reconstruct a hydropower facility in Kosovo that was partially destroyed during the civil conflict of the 1990s.



The Kozhner hydropower facility in western Kosovo, partially destroyed during fighting in the 1990s, will be reconstructed with the help of an OPIC loan to a U.S. small business.

Triangle General Contractors of Brooklyn, NY, will use a \$5.5 million OPIC loan to reconstruct the 8.3 megawatt Kozhner hydropower facility in the western Decan region of Kosovo. Triangle won an international bid to reconstruct the Kozhner facility,

as well as transmission lines linked to interconnection facilities near the project site. The plant will operated under a power purchase agreement with

the utility provider in Kosovo, Korporata Energjetike e Kosoves.

The Kozhner power plant, two hours outside of Pristina, began operations in 1957. The plant continued operating until 1999 when it was partially destroyed in the civil war. Once operations were abandoned, the plant was looted of key equipment. The facility has been idle ever since.

"Rehabilitation of the Kozhner hydropower facility will deliver vital energy to ordinary Kosovars and should thereby stimulate other local economic development," OPIC President Dr. Peter Watson said.

UPCOMING EVENTS

February 9-10, 2005, London, England
15th Export Credit & Political Risk Insurance Conference
 Robert O'Sullivan, Associate General Counsel
www.abc-financial.com

February 24-25, 2004, Vienna, Austria
Leasing in Russia: 2005 International Conference
 Kenneth Angell, Department of Structured Finance
www.marcusevans.com/subtype/conf.asp

March 16, 2005, Chicago, Illinois
**International Trade Association of Greater Chicago:
 Extend Your International Reach Through OPIC**
 John Moran, Investment Development Director
www.itagc.org/calendar.asp

April 7-8, 2005, Los Angeles, California
Asia/Pacific Business Outlook 2005
 Carl Reinhardt, Investment Development Director
www.apbo2005.com

