

# OPIC News

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## IN THIS ISSUE

U.S. small business uses OPIC insurance for ecotourism resort in Nicaragua

Message from the President

OPIC guarantees financing for small business leasing project in Russia

### **Peru in focus:**

\*OPIC board approves \$142 million for copper project;

\*U.S. small business helps to modernize retail chain

OPIC project boosts microlending in 19 countries

OPIC board approves additional \$25 million for Southeast Europe fund

## UPCOMING EVENTS

see back page

## U.S. small business uses OPIC insurance for ecotourism resort in Nicaragua

A U.S. small business will use OPIC political risk insurance to develop an ecological tourism resort in Nicaragua, helping the country take advantage of its enormous potential in the sector in an environmentally-friendly way.

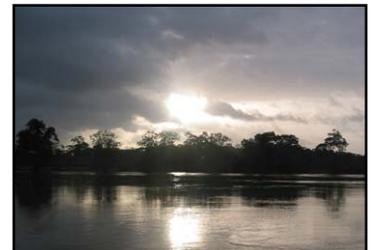
The resort site is near the Indio-Maiz Biological Reserve, a 3,618-square-kilometer tropical forest set aside by the Nicaraguan government. The reserve is home to more than 600 species of birds, 300 species of reptiles and 200 species of mammals, including several endangered species.

OPIC will provide \$2.2 million in insurance to The Corea Group, Inc., of Rockville, MD, for the development of the resort, to be called the Sacuanjoche Adventure Lodge, in the San Juan River area of Nicaragua.



OPIC President and CEO Robert Mosbacher, Jr. noted that the project will minimize disturbances to the environment and increase social awareness by offering reforestation resources and training to local farmers.

Development of the Sacuanjoche Adventure Lodge near the San Juan River in Nicaragua will include support for a local elementary school, above, and provide tourists access to the Indio-Maiz Biological Reserve, a tropical forest that is home to hundreds of species of animals and plant life.



The resort will comprise 16 bungalows, reception and dining facilities situated on 138 acres of land surrounded by the river and tropical forest. Its services will be marketed to foreign visitors seeking to experience the rainforest in an ecologically-friendly manner.

"This project offers a model for the development of Nicaragua's ecotourism industry, which holds great promise and is already growing," Mosbacher said. "Through its attention to the preservation of Nicaragua's environment, it will provide valuable lessons both to ecotourists and future tourism providers."

MESSAGE FROM THE PRESIDENT

When I joined U.S. Secretary of Commerce Carlos Gutierrez on a trade mission to Central America in October, I felt not only a measure of anticipation - it was my first overseas trip as OPIC president - but, in a positive sense, urgency. With the January 1st accession of the Central American Free Trade Agreement (CAFTA) close on the horizon, the time for negotiations was past. As Secretary Gutierrez said, "Now let's go out and deliver."

CAFTA will eliminate most tariffs and other trade barriers on \$32 billion in annual commerce between the U.S. and Costa Rica, Honduras, Nicaragua, Guatemala, El Salvador and the Dominican Republic. As *Bloomberg News* reported, "For exporters in Central America, the benefits of CAFTA will be tangible. The treaty makes permanent the trade privileges already enjoyed by the six countries under the Caribbean Basin Initiative, as well as improves access to and from the U.S. market for several agricultural and manufactured products."

OPIC is doing its own part to translate the careful design of CAFTA into increased levels of U.S. investment in the region. Early in 2006, we will issue a call for proposals to manage one or more private equity investment funds intended to stimulate economic growth in the region, for which OPIC will provide up to \$45 million in financing.

But even before the trade mission, we had heard the drumbeat of investor interest in the region growing louder:

\*We announced that a U.S. small business would use OPIC insurance to develop an ecological tourism resort in Nicaragua, helping the country take advantage of its enormous potential in the sector in an environmentally-friendly way;

\*OPIC's board of directors in August approved \$41 million in financing for construction of a hydropower facility in Guatemala that will advance the country's rural electrification program; and

\*In April we announced that OPIC would guaranty the issuance of a mortgage-backed security on U.S. capital markets, proceeds from which will enable up to 1,500 Guatemalans to purchase homes.

In other words, U.S. companies are already zeroing in on the dynamic emerging market that is Central America. In a word, they *are* delivering. OPIC, in partnership with its sister agencies supporting trade and investment, will continue to marshal its resources, and the new opportunities afforded by CAFTA, to encourage economic growth in Central America - a goal shared by the region and the United States.

Robert Mosbacher, Jr.  
President & CEO  
Overseas Private Investment Corporation

## OPIC guarantees financing for small business leasing project in **Russia**

**OPIC** announced in September that it would provide a \$10 million loan guarantee to a U.S.-owned company for expansion of its equipment leasing operations in the Russian Far East and Siberia.

DeltaLeasing, an equipment leasing company serving primarily small and medium-sized businesses in the region, will use the financing to purchase new and used equipment and vehicles for leasing transactions. DeltaLeasing is owned entirely by the U.S.-Russia Investment Fund, and is presently the only leasing company based in Siberia and the Russian Far East that enjoys consistent access to international capital markets.

The project will enable DeltaLeasing to expand its investment portfolio, while



Vladimir Melnichuk, DeltaLeasing regional director for Khabarovsk, and Natalya Gurinova, co-owner of Teply Okna in front of a window manufacturing unit supplied by DeltaLeasing that is enabling the company to expand.

increasing access for small and medium-sized Russian businesses to relatively long-term capital that will be offered for terms up to five years and for equipment valued

between \$20,000 and \$1.5 million.

The project is also fruit of OPIC's partnership with small business lender WorldBusiness Capital, Inc. (WBC), as OPIC's guarantee is supporting a WBC loan to DeltaLeasing.

**FOR MORE INFORMATION:**

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# Peru in focus:

## OPIC board approves \$142 million for copper project; U.S. small business helps to modernize retail chain

OPIC's board of directors in November approved \$142 million in political risk insurance for the establishment of a copper concentrator in southern Peru that will produce an average of 180,000 tons of copper annually, making it a leading contributor to the Peruvian economy.

OPIC will provide the insurance to Phelps Dodge Corporation, head-



Work is underway to construct a copper sulfide ore mill at the site of an existing copper mine in southern Peru. OPIC has provided political risk insurance to Phelps Dodge Corporation of Phoenix for both the mine and mill; the latter will extend the life of the mine to 2040, and generate 180,000 tons of copper annually.

quartered in Phoenix, for the addition of a copper concentrator at the site of the existing Cerro Verde open-pit copper mine. OPIC provided insurance in 1996 for the first phase of the project, following privatization of Cerro Verde in 1994. OPIC currently provides \$108 million in insurance for Phase I.

The second phase will generate additional economic and social benefits through training programs, equal opportunity and fair gender policies, and by providing employees with health care and a profit-sharing program. It will also establish the Cerro Verde Foundation, which will support various community initiatives.

A month earlier, OPIC announced that a U.S. small business would use OPIC insurance to both modernize a chain of retail appliance stores in Peru, and provide consumer credit at the store locations.



OPIC insurance will support the modernization of dozens of La Curaçao appliance stores in Peru.

OPIC will provide up to \$25 million in insurance to LFLP Holdings, LLC, of Miami for its investment in 43 La Curaçao retail stores throughout Peru, and particularly the modernization of up to 30 of the stores, including the provision of additional lighting, user-friendly displays, and information system upgrades.

La Curaçao stores sell appliances, electronics, fitness, and other consumer durables.

In addition, OPIC has also committed to support LFLP Holdings for a related project involving the provision of consumer credit throughout the La Curaçao retail

chain. The project company will reach all of Peru's major population centers, and become one of the first financial institutions in Peru to offer access to consumer credit nationally, especially in rural communities.

## OPIC project boosts microlending in 19 countries

OPIC and Citigroup will provide \$30 million in term financing to expand microfinance lending in 19 countries in Africa, Latin American and eastern Europe, enabling small businesses to obtain much-needed long-term credit.

OPIC and Citigroup are financing ProCredit Holding AG, an international microfinance institution, which in turn will on-lend the funds to its microfinance subsidiaries and affiliates in Albania, Bosnia, Bulgaria, Georgia, Kosovo, Macedonia, Moldova, Romania, Serbia, Ukraine, Bolivia, Ecuador, El Salvador, Haiti, Nicaragua, Angola, Democratic Republic of the Congo, Ghana, and Mozambique. Frontier Finance International, a U.S. small business that provides management services to ProCredit Holding, is the U.S. sponsor of the project.

Since ProCredit Group's formation in 1998, its microfinance institutions have grown rapidly, now operating through more than 300 branches. By the end of 2004, ProCredit institutions were disbursing 40,000 loans per month.



Eighty-five-year-old Salvadorean farmer Nemesio Landaverde Guardado, recipient of a ProCredit Loan: "With a just in time loan, each year I divide my time between farming and beekeeping. In this way I guarantee my food supply and am able to pay off the loan which allows me to carry on working."

# OPIC board approves additional \$25 million for Southeast Europe fund

OPIC's board of directors approved an additional \$25 million in financing for the Southeast Europe Equity Fund II (SEEF II), prompted by the fund's strong fundraising and the stellar investment record of its predecessor, SEEF. The board initially approved \$65 million for SEEF II in November 2004, bringing the total OPIC commitment to \$90 million.

Fundraising for SEEF II has exceeded expectations because institutional investors were attracted by SEEF's remarkable performance and numerous successful exits. As of August 2005, SEEF had invested \$123 million in nine companies across six countries and five business sectors. The fund has realized

over \$210 million through sales of six investments and dividends, repaid all OPIC financing and returned more than 175 percent of all equity contributed.

The fund is expected to generate substantial developmental benefits: by its fifth year of operations, the fund's investments are expected to create over 3,300 permanent jobs and \$22 million in annual tax revenues for local governments.

SEEF II will target investments in Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Serbia & Montenegro, Slovenia and Turkey. The fund is managed by Bedminster Capital Management, LLC of New Jersey.

**Prvi SBB Internet Cafe u Beogradu**

Sa ciljem da svojom mrežom Beogradu omogući trenutno najkvalitetniji Internet, vezu na tržištu, kompanija SBB je, u saradnji sa Sport Cafe-om, otvorila prvi SBB Internet Cafe u Beogradu, u samom centru grada, u Malesedonskoj ulici. To je, ujedino, i prvi broadband Internet Cafe u Beogradu, što ga izdvaja od svih ostalih.

Serbia Broadband, the largest cable TV and broadband services provider in Serbia and Montenegro, is one of nine companies to receive an investment from the Southeast Europe Equity Fund.

## UPCOMING EVENTS



**December 1-2, 2005, Paris, France**  
**Project Finance in Russia & CIS**  
Michele Smith, Investment Services Manager  
[www.marcusevans.com](http://www.marcusevans.com)

**December 5-7, 2005, Miami, Florida**  
**Caribbean Central American Action 29th Annual Miami Conference on the Caribbean Basin**  
[www.c-caa.org](http://www.c-caa.org)

**December 7-9, 2005, Bangkok, Thailand**  
**Asian Infrastructure Congress 2005**  
Cynthia Hostetler, Vice President of Investment Funds  
[www.terrapinn.com/2005/aic%5Fsg/](http://www.terrapinn.com/2005/aic%5Fsg/)

**February 21-22, 2006, London, England**  
**Export Credit & Political Risk 16th Annual Global Convention**  
Edith Quintrell, Acting Vice President of Insurance