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U.S. company uses OPIC loan to drill potable water wells in Kenya

A U.S. company will use an OPIC loan to drill potable water wells in rural areas of Kenya, providing scores of communities access to clean water, OPIC President and CEO Robert Mosbacher, Jr. announced in March.

instruction on water hygiene; after drilling is completed, LWI will train stakeholders in well operation and maintenance.

The loan is OPIC's third to LWI: in 2001, OPIC provided a \$200,000 loan to enable LWI to purchase equipment and supplies to drill



Living Water International (LWI), a Texas-based nonprofit organization, will use a \$500,000 OPIC loan to drill potable water wells, provide hygiene instruction and train rural Kenyans on well use - just as it did in Ghana, above, with an OPIC loan in 2002. According to the World Health Organization, more than 1.1 billion people worldwide lack access to clean drinking water.

OPIC will provide a \$500,000 loan to Living Water International (LWI), a Texas-based nonprofit organization, for the purchase of equipment - a high-capacity drilling rig, two supply trucks, an air compressor and two pumping service trucks - that will enable LWI to drill 70 more wells per year in Kenya and reduce a backlog of 500 requests.

As each borehole is being drilled, LWI crews will provide local stakeholders with

approximately 150 wells in Kenya. In 2002, a \$100,000 OPIC loan enabled LWI to drill more than 200 wells in Ghana. Both loans have been serviced as agreed.

"Living Water International's wells have provided thousands of people in rural areas of Kenya - among several countries - access to clean drinking water, in the process promoting good health and reducing the incidence of water-borne diseases such as cholera and typhoid," Mosbacher said.

MESSAGE FROM THE PRESIDENT

OPIC's commitment to facilitate home ownership in emerging markets is relatively new, but its basis is not. Scholarship for several years now has argued that providing homeowners in developing countries title to their property is perhaps the single most catalytic means to unleash the beneficial aspects of the free market on their local economies.

Peruvian economist Hernando de Soto is the most articulate voice for the transformative effect of home ownership. In his book *The Mystery of Capital*, he concludes that as much as \$9.3 trillion in assets - he calls it 'dead capital' - goes untapped because of the simple fact that homeowners lack title to their land. This is \$9.3 trillion that could potentially be used as collateral to start businesses - a vital engine of economic growth in any nation.

A November 2005 article in the *Wall*

Street Journal supports de Soto's theory. It reported on a Harvard study of a squatter settlement in a barrio in Buenos Aires, comparing the standards of living between homeowners who had gotten title to their properties, and those who hadn't.

The study revealed broad differences. Landowning households averaged about five members, compared with six for the untitled. Children in titled households had lower rates of school absenteeism and completed about one-half year more of school than their untitled counterparts.

Researchers theorized that a title turns a house into an "insurance and savings tool" that can provide security for owners during old age or bad times. That reduces their need to rely on large households with many children and extended-family members to provide income in tight situations.

Housing is the most basic unit of a community's infrastructure, and its utility as a means of simple shelter will always be its foremost benefit. But it is also the most personal unit of economic growth, and each the housing projects described in these pages envision its use as a platform for subsequent development.

OPIC's **Housing Africa** conference, to be held May 2-4 in Cape Town, South Africa, will demonstrate to American companies that the housing sector is perhaps the single most logical destination for U.S. investment dollars, if we truly want to see African nations make the most of their new markets.

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

OPIC reopens programs in Liberia after 16 years

Reaffirming U.S. government support for Liberia following the election of President Ellen Johnson Sirleaf and the conclusion of its long civil war, OPIC in March reopened its programs in Liberia for the first time since 1990.

Liberia had been closed to OPIC assistance because of worker rights concerns, which had prompted the U.S. Trade Representative to suspend the country's benefits under the Generalized System of Preferences (GSP). According to the Foreign Assistance Act of 1961, OPIC may only operate in countries that are taking steps to adopt laws that extend internationally-recognized worker rights.

However, after President Sirleaf's democratic election in October 2005 and

inauguration in January, President Bush reinstated duty-free trade benefits for Liberia under the GSP program.

OPIC President and CEO Robert Mosbacher, Jr. informed President Sirleaf of the reopening at a White House luncheon on March 21.

President George W. Bush welcomes Liberian President Ellen Johnson Sirleaf to the White House on March 21 and toasts her on her October 2005 election. (White House photos.)



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

Housing in focus:

OPIC loan in **Brazil** addresses million-home shortage in Rio de Janeiro; project in **Kenya** moves forward

A U.S. small business will use an OPIC loan to boost its construction of low- and middle-income housing units in Brazil, helping Rio de Janeiro State address a shortage of more than one million homes.

OPIC will provide a \$5 million loan to Amebrasil Construcoes Ltd, a joint venture between

U.S. real estate investment company Paladin Realty Partners and Brazilian real estate company GAMEX, for the expansion of its

housing construction business in Rio de Janeiro State and the city of Brasilia. OPIC's financing will enable Amebrasil to accelerate its annual production from 300 units to more than 1,000.

The housing units will range from mid-rise apartments and duplexes to single-family homes, and will be targeted to buyers who are eligible for mortgage financing through Caixa Economica Federal, a state-owned pension and housing finance agency.

In another project, OPIC has begun disbursement of a loan to a U.S. small business that is building 400 affordable housing



A \$5 million OPIC loan will enable a U.S.-Brazil joint venture to more than triple its production of low- and middle-income homes in Rio de Janeiro -- a sector of the Brazilian housing market not typically addressed by developers.

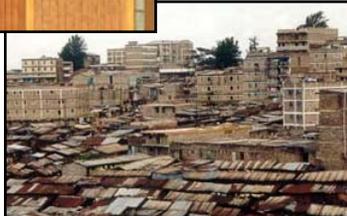
units in Kenya. Construction is scheduled to start soon and the first group of units due to be delivered in the next few months.

OPIC is providing a \$7.1 million loan to Texas-based JNP Properties, Inc., owned by a Kenyan-American, for construction of the housing units in Nairobi, using a unique, long-term lease-for-purchase program made possible by OPIC financing. The development, called Jopa Villas Kenya, will feature security, parking and recreational facilities of higher quality than those typically available for affordable homes in Kenya.

"OPIC is pleased to support a U.S. small business that is helping Kenya meet its housing demand, a goal shared by both American and Kenyan governments," Mosbacher said. "This year, OPIC is increasing significantly its support for housing development projects in Africa, a process that will culminate May 2-4 in **Housing Africa**, an OPIC-sponsored international conference focused on housing investment throughout the continent."



The Jopa Villas housing project in Nairobi is the first to be undertaken under a 2003 agreement between OPIC and the Kenyan government, designed to develop Kenya's housing market.

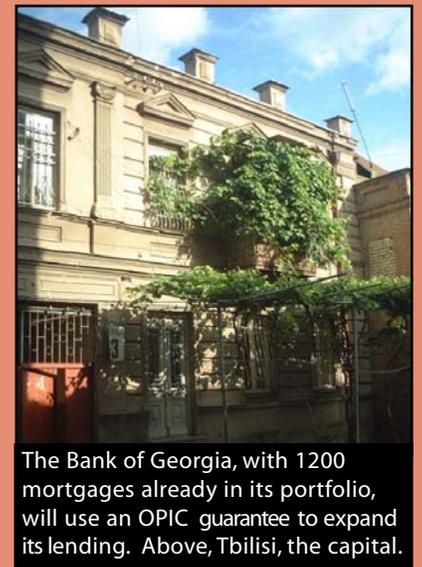


OPIC backs mortgage facility in Republic of Georgia

An OPIC loan guarantee will enable a leading bank in the Republic of Georgia to provide residential mortgage lending, both improving and diversifying the country's financial infrastructure by infusing local mortgage markets with additional capital.

OPIC's guarantee is supporting a \$10 million loan facility by U.S. small business lender WorldBusiness Capital, Inc. (WBC) to the Bank of Georgia for the provision of residential mortgage lending in Georgia. Bank of Georgia is partially owned by Firebird Management, a New York-based investment fund.

Lado Gurgendize, CEO of Bank of Georgia, said, "This facility will dramatically enhance our mortgage lending capability and will enable us to provide our clients with the opportunity to finance their home improvement needs."



The Bank of Georgia, with 1200 mortgages already in its portfolio, will use an OPIC guarantee to expand its lending. Above, Tbilisi, the capital.

WBC is a commercial finance company specializing in loans to small and medium-sized enterprises (SMEs) operating in emerging markets. OPIC in 2003 entered into a cooperative agreement with WBC to enhance OPIC's Small Business Center.

OPIC loan supports Latin American microlenders facing emergencies

An OPIC loan will enable microfinance lenders in Latin America and the Caribbean to weather natural and other unforeseen disasters by providing emergency liquidity relief that will allow them to become self-sustaining.

OPIC will provide a \$1 million loan to the Emergency Liquidity Facility, L.P., a facility established with the assistance of U.S.-based ACCION International, a pioneer microlender in the region. The facility makes medium-term loans to bank and non-bank microfinance intermediaries (MFIs) operating in OPIC-eligible countries in Latin America and the Caribbean in the event a

natural disaster impinges on the supply of financial services to microfinance institutions.



Lucila Mendoza Moisin used a \$100 loan from an ACCION International microlending partner to establish her crafts business in Ecuador. ACCION is U.S. sponsor of a new microlending facility backed by a \$1 million OPIC loan.

The facility selects MFIs according to criteria including financial strength, lending experience, operational efficiency, portfolio quality, track record, efficient use of technology and transparent governance. Bilateral and multi-lateral institutions, as well as private investors, also support the facility.

The project also established a Technical Services Facility that will provide operational rehabilitation to the MFIs. The Emergency Liquidity Facility requires as a prerequisite for its loans that all MFIs subject themselves to the review and analysis by a specialized consultant in order to improve their level of preparedness to face disaster.

UPCOMING EVENTS

April 20-21, 2006, Houston, Texas

CAFTA: Expanding the Houston and Central America Business Connection

Juan Carlos Rivera-Montes, Insurance Manager

www.houston.org

April 27-28, 2006, Chicago, Illinois

Women Presidents' Organization 2006 Annual Conference

Dr. Christine Emery, Vice President, Investment Policy

www.womenpresidentsorg.com

May 2-4, 2006, Cape Town, South Africa

Housing Africa

OPIC-sponsored International Investment Conference

www.trademeetings.com

May 17-18, 2006, Miami, Florida

Fifth Annual Securitization in Latin America Summit

Ruth Ann Nicastrì, Insurance Manager

www.euromoneyseminars.com

