



OPIC Highlights

Supporting Private Sector Investment in Mexico

OPIC has approved more than \$600 million to support projects in Mexico.

OPIC-Supported Funds Promote Economic Growth

OPIC has committed up to \$120 million in financing (up to \$60 million each) for two new private equity investment funds intended to support sectors of the Mexican economy vital to its continued growth: those benefiting from the country's growing purchasing power and power generation with a focus on renewable energy.

The Baring Mexico Private Equity Fund II, with a target capitalization between \$150 and \$200 million, will invest in a diversified portfolio of medium-sized companies operating in Mexico. Of particular interest are businesses in sectors expected to benefit from the increasingly domestic purchasing power and relatively young Mexican population, including consumer goods, financial services, housing, health care and entertainment.

OPIC selected Baring Latin America Partners LLC (BLAP) as investment manager of the fund. BLAP is currently serving as manager of two other OPIC-supported funds, one in Latin America and one in Africa.

The second fund will be Conduit Capital Partner LLC's third Latin American fund. The fund will invest in independent power projects (IPPs) in Latin America and the Caribbean, with a focus on renewable energy and Mexico. The

IPPs will consist primarily of electric power-generating facilities and follow one of three strategies: greenfield construction, development equity or acquisitions requiring expansion capital. The fund has a target capitalization of \$200 million.

OPIC Support Bolsters New Opportunities for Mexican Businesses

Securing loans can be difficult, especially for small businesses. OPIC is helping to increase the pool of available capital to businesses in Mexico through a direct loan and a unique credit risk-sharing program.

OPIC has entered into a \$200 million guaranty framework agreement by which it will share credit risk with Citigroup subsidiary Banamex, S.A. in downstream project loans in Mexico. Specifically, the facility will focus on middle market lending, corporate lending and the microfinance sector. This is the first such OPIC project in Mexico.

Additionally, OPIC is extending a \$1 million direct loan to Financiera Compartamos, which will in turn be used to make thou-

sands of micro-credit loans in Mexico, expanding the base of Mexican entrepreneurs.

Boston-based ACCION International, a pioneer microlender in emerging markets, is the U.S. sponsor of the project. ACCION will provide loan and portfolio monitoring, as well as technical assistance and oversight of Compartamos.

OPIC Financing Promotes Energy Infrastructure Development

OPIC has pledged up to \$250 million in financing for the Mexican affiliate of a U.S. company to finance its working capital needs and issue letters of credit when it builds energy infrastructure projects in Mexico.

The OPIC financing will guaranty a credit facility to commercial banks on behalf of ICA-Fluor, a Mexican joint venture company that provides engineering procurement and construction services,

in the energy sector, to finance its working capital needs on construction contracts in Mexico on a longer term tenor than is generally available.

These contracts will generate considerable tax revenues for Mexico and catalyze significant local expenditures on goods and services.



A loan to Financiera Compartamos will be used to make micro-credit loans in Mexico, expanding the base of Mexican entrepreneurs.



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 more than \$164 billion worth of investments that have generated over \$69 billion in U.S. exports and supported more than 264,000 American jobs. For more information please go to www.opic.gov.

U.S. SMALL BUSINESS USES OPIC LOAN TO BUILD PREFABRICATED HOMES

Prefabricados y Modular de Monterrey (PyMM) will use a \$10 million OPIC loan to expand production of pre-made concrete homes from its manufacturing facility in Monterrey, Mexico. PyMM, a wholly-owned subsidiary of Texas-based Modular Prefab-USA, LLC, has sold more than 700 of the homes during its first four years of production, and has six projects under way. The homes cost approximately \$US 15,000 apiece, and will be sold to low-income buyers through Mexico's Infonavit program, which operates in similar fashion to Fannie Mae in the U.S.: Infonavit collects payroll deductions from employers on behalf of employees that can be used for down payments on homes and which enables Infonavit to provide long-term mortgage financing when those employees are ready to purchase their homes.

The project is the first to be processed using a new fast-track approach created under a framework agreement signed by OPIC and Interlink Capital Strategies, a Washington, D.C.-based financial consultant.



Prefabricados y Modular de Monterrey (PyMM) will use a \$10 million OPIC loan to help Mexico meet a growing demand for low-income housing.

U.S. SMALL BUSINESS USES OPIC LOAN FOR WINTER FARMING PROJECT IN MEXICO

A \$3.3 million OPIC loan will help a U.S. small business to produce vegetables during the winter growing season in Mexico for distribution in U.S. markets.

Southern Valley Fruit & Vegetable, Inc. of Norman Park, Georgia, will establish a winter division that will grow, package, and ship cucumbers, squash, eggplant and zucchini grown in Yucatan to the company's U.S. headquarters for distribution throughout U.S. markets. Through a phased approach, the project will ultimately bring a total of 900 acres under cultivation by the end of 2007.

The project will enable Southern Valley to increase its production of winter crops to better serve an expanding U.S. customer base that includes the major chain stores, wholesalers, and food distribution

companies throughout the country. The project will support U.S. demand for produce during months when U.S. growers cannot meet this demand.

Southern Valley is a family-owned business with 23 years experience in vegetable farming.

Free trade is an incredibly important part of making sure the environment is hospitable to the formation of small businesses. And trade with Mexico is an integral part of making sure that our hemisphere is safe, secure and prosperous. A strong Mexico is in our nations' best interest.

President George W. Bush

We welcome OPIC's participation in fostering joint ventures between Mexican and U.S. companies, which will enable Mexico and the U.S. to deepen an already thriving economic relationship. It will provide U.S. small and medium-sized entrepreneurs access to the financial resources they need to enter the Mexican market.

President Vicente Fox

OPIC Loan Supports Home Improvements

Recognizing that adequate housing is the most basic unit of a country's infrastructure, and a necessary foundation for its economic development, OPIC is providing \$2.5 million to support home improvements in Mexico.

The OPIC direct loan, to Maryland-based CHF International (Cooperative Housing Foundation), is helping to establish a new on-lending facility to provide loans for home improvements in Mexico, including the provision of safe and adequate housing for workers along the U.S.-Mexico border. Proceeds of the loan will go to Mexican non-profit organizations, which in turn will lend money to individual Mexicans to finance home improvements. CHF will also offer educational programs for potential lenders and borrowers.