

# WELCOME TO THE EXPORT-IMPORT BANK OF THE UNITED STATES AFRICA UPDATE September 2008

Welcome to the *Ex-Im Bank Africa Update*, a publication of the Export-Import Bank of the United States (Ex-Im Bank).

Ex-Im Bank is an independent U.S. government agency that helps finance the export of U.S. goods and services primarily to emerging markets throughout the world by providing loan guarantees and export credit insurance.

This e-mail publication highlights the Bank's activities and continued commitment to expand trade with sub-Saharan Africa.

## HIGHLIGHTS:

- Future events: Houston Seminar, Corporate Council on Africa (CCA) Infrastructure Conference, Sub-Saharan Africa Advisory Committee (SAAC) Meeting
- Ex-Im Bank hosts an Independent Power Producers (IPP) Conference in Abuja, Nigeria
- Ex-Im Bank dramatically expands its Nigerian Banking Facility to \$1 Billion
- Ex-Im Bank hosts panel on "Financing Infrastructure – Power" at the State Department's 2008 African Growth and Opportunity Act (AGOA) Forum
- Ex-Im Bank participates in CCA's 2008 U.S. Agribusiness Forum in Chicago
- Ex-Im Bank visits Chicago, Milwaukee and Green Bay
- Weldy-Lamot Associates Inc. wins \$350 million rural electrification turnkey contract from the government of Ghana
- *Washington Post* Africa investment article "Hey, Here's a Tip: Try Africa" lauds the opportunities in Africa
- Cameroon Cover Policy Upgraded
- Recent Authorizations

## **FUTURE EVENTS: HOUSTON SEMINAR, CCA INFRASTRUCTURE CONFERENCE, SUB-SAHARAN AFRICA ADVISORY COMMITTEE MEETING**

September 11, 2008: Ex-Im Bank half day seminar: "How To Increase Your Exports to Africa"

The Greater Houston Convention & Visitors Bureau  
901 Bagby, Boardroom, Suite 100  
Houston, Texas 77002

Discover how Ex-Im Bank can enable you to enter new foreign markets, increase sales in existing ones, worry less about getting paid, safely extend credit, access important trade research, improve your cash flow, and take advantage of the historic low dollar.

You can do it and we can help. The trade finance professionals at Ex-Im Bank and their partners will discuss the products and services that can help you export to Africa with confidence.

Ex-Im Bank invites you to a special half-day workshop about insuring payment for your sales to Africa. This brief but informative workshop explains the trade finance support available to U.S. exporters.

Sign-Up now! <http://www.exim.gov/seminars/index.cfm>

October 6-8, 2008: U.S.-Africa Infrastructure Conference – Connecting the Continent

The Grand Hyatt Washington  
1000 H Street  
Washington, DC 20001

The Corporate Council on Africa invites you to its third annual U.S. - Africa Infrastructure Conference. This year's conference will focus on Information Communication Technology (ICT), Transportation, Energy, and Security.

Participants will obtain information on infrastructure development opportunities throughout Africa; network with key African and U.S. private sector and government representatives, including investors, capitol market experts, infrastructure providers, and investment bankers; explore new business opportunities by identifying specific growth areas and projects; discover the latest financing options and instruments available; and meet potential partners.

Plenary sessions and workshops will address public-private partnerships; financial, legal and political risk mitigation; project financing; secure banking and data transmission; joint ventures and strategic alliances; ICT infrastructure development; ports and airports; maritime security; potable water; safe skies

and airport security; roads, rail, and bridges; logistics and distribution; supply chains and food security; energy, electric grids, and lighting; and oil and gas.

Ex-Im Bank Chairman and President James Lambright plans to participate and will provide a presentation during the Wednesday, October 8<sup>th</sup> financing plenary.

Workshop panelists will also include African ministers of telecommunication, infrastructure, and energy; decision makers from leading U.S. infrastructure and financial companies; multilateral development institutions such as the World Bank and the African Development Bank; and senior U.S. government officials. Most importantly, these sessions will include proven strategies and solutions to enable your company to succeed on the continent.

Sign Up now! <http://www.africacncl.org/>

October 8, 2008: Ex-Im Bank's Sub-Saharan Africa Advisory Committee Meeting

811 Vermont Avenue, N.W. Room 1143  
Washington, DC 20571

Topics will include the Export Credit Agency (ECA) Competitiveness Report and an analysis of ECA Financing in Africa.

## **EX-IM BANK HOSTS AN INDEPENDENT POWER PRODUCERS (IPP) CONFERENCE IN ABUJA, NIGERIA**

On June 9<sup>th</sup>, Ex-Im Bank sponsored, at the Abuja Sheraton Hotel, a three-day Nigerian Independent Power Project (IPP) Financial Seminar in cooperation with the U.S. Commercial Service of the U.S. Department of Commerce and the U.S. Trade and Development Agency. The event proved to be a tremendous success. The seminar touched on a wide variety of topics and left participants with the tools necessary to begin IPP projects using Ex-Im Bank support.

Nigeria's power sector poses enormous opportunities as it is in dire need of expansion. The country's installed capacity is low relative to both its population and economy. Whereas Nigeria's population is half that of the U.S. and its GDP is 1.2% of the U.S., it has 6,000 MW of installed capacity – 0.6% of the U.S. IPPs are seen as important participants in the electricity sector and the conference sought out the major players, put them in the same room, and discussed ways to turn ideas into reality.

Over 100 participants, including concession holders, local Nigerian banks and Nigerian governmental agencies attended. U.S. companies included GE, KBR, Honeywell and AES. Other attendees included U.S. governmental officials as well as Nigerian companies and investors.

Ex-Im Bank Board Member J. Joseph Grandmaison kicked off the successful event and was followed by three Ex-Im Bank officials, Kamil Cook, Deputy General Counsel; John Schuster, Director of the Structured Finance Division's Power Sector; and Frances Nwachuku, Vice President of the Asset Management

Division. They gave a presentation called "Power Sector Finance: Structures and Issues," which walked participants through the project finance process. Joseph Tato and Ben Donovan from the U.S. Law Firm Dewey Leboeuf also presented on the legal and regulatory regimes in the Engineering, Procurement and Construction (EPC) market and outlined several African IPP case studies. Rounding out the presentations, Dr. Abdolrahman Ado, Vice-Chairman of the Nigerian Electricity Commission, discussed the progress and challenges of electricity industry reform in Nigeria. During the final session, Kamil Cook and John Schuster moderated a role-playing exercise that summed up all that was learned at the conference. Ex-Im Bank officers Kyle Jackson and Katie Janik also assisted in making the event a success.

Ex-Im Bank believes there are several types of opportunities for U.S. exporters to make power generation equipment sales with our support.

- Private businesses are purchasing small and medium-sized power plants for their own use. Many of these businesses are creditworthy.
- Sovereign support is potentially available for PHCN (Power Holding Company of Nigeria) on one or more upcoming projects.
- Projects in the pipeline are looking to sell power directly to industrial, commercial and residential customers, bypassing PHCN.

This conference continues Ex-Im Bank's theme of targeting the power sector in Africa, which was initiated at our April 2008 Annual Conference. If your interests are in the power sector and you would like a copy of the document, "Power Projects in Africa," which outlines the power sectors in 14 African countries, please e-mail [eximafrica@exim.gov](mailto:eximafrica@exim.gov) and a copy will be mailed to you. A downloadable version is available in the "Publications" section of our website at [www.exim.gov/africa](http://www.exim.gov/africa).

## **EX-IM BANK DRAMATICALLY EXPANDS ITS NIGERIAN BANKING FACILITY TO \$1 BILLION**

Ex-Im Bank announced that it more than doubled the size of its Nigerian Bank Facility to \$1 billion. The announcement was made at an export credit workshop organized by the U.S. Mission to Nigeria and Ambassador Robin Sanders in Lagos, Nigeria titled "U.S. Government Agencies: A New and Practical Approach to Export Credit and Financing Opportunities."

The facility, covering 14 Nigerian banks, allows for expedited processing of short and medium-term insurance and guarantees in support of U.S. exports to Nigeria. It now accommodates long-term transactions as well.

Ex-Im Bank Board Member J. Joseph Grandmaison said, "Since its 2005 restructuring, the Nigerian banking sector's growth has been truly outstanding. In 2007 alone, the banking sector's assets rose by 55 percent and its average net earnings by 64 percent, while the sector raised an additional \$10.3 billion in capital."

Initially the demand from Nigerian banks was for short-term financing, and more recently for medium-term financing, Grandmaison said.

"Now, with the focus on larger infrastructure projects, we are receiving requests for financing transactions in excess of \$10 million, with terms of seven to ten years, to support U.S. exports such as passenger aircraft, oil and gas equipment, dredges, and telecommunications and manufacturing equipment," he said. "That is why we are reaching out to our Nigerian partner banks to restructure our relationship. The changes also are aimed at rewarding those banks that are active users of the Ex-Im Bank facility."

However Ex-Im Bank is open to consider transactions with Nigerian banks that are not members of the facility. "We welcome the opportunity to work with all of Nigeria's banks," Grandmaison said.

## **EX-IM BANK HOSTS PANEL ON "FINANCING INFRASTRUCTURE – POWER" AT THE STATE DEPARTMENT'S 2008 AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA) FORUM**

On Tuesday, July 15<sup>th</sup>, at the 2008 AGOA Forum, delegates and ministers from Africa, U.S. government officials, and private sector representatives attended an Ex-Im Bank breakout session called "Financing Infrastructure in Africa – Power." Ex-Im Bank Board Member J. Joseph Grandmaison led the session, which was comprised of African Union (AU) Deputy Chairman Erastus Mwencha, Special Projects Manager for the AES Corporation Brian Rich, and Managing Director of GE Energy Financial Services Chris Matteson.

Director Grandmaison opened the discussion by reviewing the benefits inherent in working with Ex-Im Bank. He mentioned that the power infrastructure hasn't been developed properly due in part to the limited number of U.S. companies interested in conducting business in Africa. Often, fears about the creditworthiness of African buyers are at the root of this fear. In response to the situation, Director Grandmaison announced that Ex-Im Bank is targeting power sector development in Africa.

Next, Deputy Chairman Mwencha delivered an overview of Africa's inadequate current power infrastructure. Only 30% of the population of Africa has access to electricity due to limited power production and outdated transmission and distribution systems. It was also noted that Africa's yearly growth rate of 5.5% will serve to further exacerbate electricity shortages. Infrastructure development studies estimate that Africa will need additional funding of \$20 - \$25 billion annually to meet Africa's growing electricity demand. He suggested further cooperation with the World Bank, Ex-Im Bank, and other development agencies. Another topic of interest was Africa's largely untapped hydroelectricity potential. The Deputy Chairman mentioned that only 7% has been tapped due to environmental opposition and financing difficulties. He concluded with an appeal to infrastructure development companies to come to Africa, which stands as a huge investment opportunity open to collaboration.

Brian Rich spoke next by reviewing AES's energy facility in Cameroon which AES acquired in 2001. It provides electricity for over 530,000 people. He recognized the business potential of Africa and mentioned that their facility in Cameroon is one of AES's most profitable plants. AES also operates a natural gas facility in Nigeria which generates 8% of the power capacity of the country. Despite their successes, Mr. Rich noted that there still remain a number of challenges in conducting business in Africa related to payment defaults and arbitration conflicts. He finished by saying AES is eager to do business in

sub-Saharan Africa as there is a demand for power in the region, financiers have a history of repayment, and safe working environments exist.

Chris Matteson spoke about Africa's financing needs and steps that American companies can take to help out. He explained that GE's Energy Financial Services division has over 400 employees worldwide and plans to open its first office in Africa within the next year, with plans to invest \$3 billion by 2010. To help facilitate further development, Mr. Matteson recommended that African countries create more pre-packaged power projects which they could offer up for bids to help spur more interest in the region.

More information can be found at AGOA's official government site: [http://www.agoa.gov/agoa\\_forum/agoa\\_forum7.html](http://www.agoa.gov/agoa_forum/agoa_forum7.html).

## **EX-IM BANK PARTICIPATES IN THE CORPORATE COUNCIL ON AFRICA'S (CCA) 2008 U.S. AGRIBUSINESS FORUM IN CHICAGO**

The Corporate Council on Africa's Agribusiness Initiatives Program organized the 2008 Agribusiness Forum, Investing in Agriculture Links in Africa, from June 25-27. The forum attracted more than 300 leaders from the private and public sectors in the U.S. and Africa. Ex-Im Bank's Regional Director for Africa, John Richter, provided a review of Ex-Im Bank support and our activities in the African Agricultural sector.

According to the World Bank, up to 80 percent of Africa's labor force is engaged in agriculture, and agribusiness-related enterprises accounted for more than \$206.7 billion – more than a third of the continent's total GDP – in 2006-2007.

The two-day forum included industry-specific workshop sessions, networking opportunities and plenary sessions where industry experts provided the latest, cutting-edge information on various agribusiness issues. Topics for discussion included cross-cutting issues such as financing; commodity trading markets; food security; infrastructure investment to connect African markets; market information systems improvement; product innovation; cash crop production and investment; livestock production and investment; pharmaceutical growth; bio-fuel industry growth; carbon trading; and production technology.

## **EX-IM BANK VISITS CHICAGO, MILWAUKEE AND GREEN BAY**

The fifth U.S.-Africa Trade and Investment Forum, sponsored by the Continental Africa Chamber of Commerce (CACOC), took place on July 28, 2008. This annual investment forum included policymakers, private-sector business operators and importers from Africa and the U.S. for the sole purpose of promoting trade and investment. This event included ministers from Africa with a cross-section of private-sector groups from African countries and U.S. firms interested in this region. The event also promoted the Africa Growth and Opportunity Act (AGOA).

On July 30<sup>th</sup>, Ex-Im Bank's sub-Saharan African Advisory Committee (SAAC) co-sponsored an Ex-Im Bank seminar with the Milwaukee World Trade Association, the International Credit Executives Group and General Electric Healthcare. Participants included businesses from the region as well as banks and

insurance brokers. Headquarters and the regional Chicago staff provided a broad review of the Ex-Im Bank financial products and our interest in Africa. Jan Blaho, business development officer, Midwest; Michael Howard, regional office director, Midwest; John Richter, regional director of Africa; and Ben Todd, business development officer, Africa, presented on Ex-Im Bank's products. SAAC members Mark Chiaviello (Standard Bank), Dennis Dubois (Sovereign Bank) and Wayne Ramus (GE Healthcare) provided case studies and insights on how Ex-Im Bank works with their companies in the African market.

In Chicago, Milwaukee and Green Bay, John Richter met with several companies interested in exporting to Africa. Already, follow-up from these events has Ex-Im Bank excited about future transactions.

## **WELDY-LAMOT ASSOCIATES INC. WINS \$350 MILLION RURAL ELECTRIFICATION TURNKEY CONTRACT FROM THE GOVERNMENT OF GHANA**

A 13-employee engineering firm based in Mount Prospect, Ill. has won a \$350 million rural electrification turnkey contract from the government of Ghana, and will procure equipment and services from U.S. suppliers around the country to fill the order backed by a \$344 million loan from Ex-Im Bank.

Weldy-Lamont Associates Inc. overcame foreign competition to win the contract for phase four of Ghana's Self Help Electrification Project (SHEP IV), based on the company's successful performance on phase three of the project (SHEP III). The company will provide procurement, engineering, installation and management services.

"Not only is Weldy-Lamont Associates a small business, but it won this substantial contract based on its performance on the earlier contract," said Ex-Im Bank Chairman and President James H. Lambright. "This follow-on business is a tremendous endorsement of both the value and quality of goods and services provided by American exporters."

"We'll be contracting with U.S. suppliers from the Midwest to California to Florida to Georgia," said Weldy-Lamont President Patrick J. Hennelly. "This five-year project is going to help them immensely because normally they are suppliers to the housing industry, which is in a slump. This will help manufacturers avoid layoffs."

An estimated 45 percent of the contract price will go to small businesses.

Weldy-Lamont itself has doubled its business over the last five years and plans to hire two more electrical engineers in the near future. Currently, eight engineers and four other employees are based in Mount Prospect, Ill., and a ninth engineer is based in Milwaukee, Wisconsin. A significant part of the company's growth is due to increased export business in recent years to countries including China and Thailand.

The government of Ghana sees the ongoing program to bring electrical connectivity to the populace of Ghana as the underpinning for the country's economic growth and poverty reduction. The goal is to connect all eligible communities with a minimum population of 500 individuals, or approximately 3,800 villages, to the national grid by 2020.

Ex-Im Bank also supported Weldy-Lamont's participation in SHEP III, where the company began as a subcontractor but, based on its excellent performance, was asked to become the primary supply contractor.

## **WASHINGTON POST AFRICA INVESTMENT ARTICLE "HEY, HERE'S A TIP: TRY AFRICA" LAUDS THE OPPORTUNITIES IN AFRICA**

Carol Pineau, in a Sunday July 6<sup>th</sup>, *Washington Post*, article titled "Hey, Here's a Tip: Try Africa," extols Africa as the next investment frontier. The Africa team at Ex-Im Bank could not agree more. Buttressed by high commodity prices, the continent's GDP has grown by more than 5% in recent years. Commodities are not the entire story, as Carol points out – Africa has begun to embrace manufacturing.

This is great news for U.S. exporters, as exports usually follow investment dollars. Also, African countries are looking to boost their infrastructure – everything from roads to telcom to power – in a bid to attract more investment dollars. Add to this a depreciated dollar and you have a recipe for U.S. export demand.

The continent still has some problems, but many of these obstacles are disappearing. As Carol points out, "Africa today is a fast-moving continent that has made tremendous changes. And yet we in the West cling to age-old stereotypes that undermine confidence in its markets."

Are there risks? Sure, but opportunities abound for U.S. exports to Africa and the Africa team here at Ex-Im Bank can help you do just that.

See: [www.washingtonpost.com/wp-dyn/content/article/2008/07/03/AR2008070303204.html](http://www.washingtonpost.com/wp-dyn/content/article/2008/07/03/AR2008070303204.html)

## **CAMEROON COVER POLICY UPGRADED**

Ex-Im Bank has upgraded Cameroon's cover policy and we are now open in the short, medium and long-term in the private sector and the short and medium-term in the public sector. However, Ex-Im Bank still requires a local commercial bank guarantee for private transactions, and public transactions must conform to IMF program limits on non-concessional debt.

## **RECENT AUTHORIZATIONS**

Equatorial Guinea:

- Under Ex-Im Bank's short-term multi buyer insurance policy, HFG Engineering U.S. Inc. in Houston TX assured the sale engineering services worth \$1.2 million dollars to a number of countries. \$100,000 of this transaction went to support construction initiatives in Equatorial Guinea.

Ghana:

- GI Leisure Company Ltd. in Ghana purchased amusement park equipment from Chance Morgan in California, Techmodular of Florida, and RAO Design in Illinois, in the total amount of \$3.9 million.



Ex-Im Bank supported the deal with a medium-term comprehensive guarantee and cooperated with the lender, UPS Capital of Georgia, and a Ghanaian guarantor, the National Investment Bank.

#### Mali:

- Ex-Im Bank issued a working capital guarantee in the amount of \$2.25 million to Weather Modification Inc., an atmospheric resources management technology firm based in Fargo, North Dakota. The loan allowed them to provide weather monitoring and cloud seeding services to a number of countries, including Mali. U.S. Bank N.A. was the official lender and the amount was also guaranteed locally in Mali by the Fargo Jet Center & SFH Inc. & JP Development General Partner Co.

#### Mauritius:

- \$620,000 worth of Industrial machinery and equipment was insured to support a development in Mauritius. The exporter, Tubular Textile Machinery Inc. from Lexington North Carolina, used the short-term multi buyer comprehensive insurance policy from Ex-Im Bank to insure a grand total of machinery valued at \$4 million.

#### Nigeria:

- Arik Air of Nigeria expanded the size of its fleet through the purchase of a 737 aircraft from Boeing Corp. The contracted price of \$31 million was backed by a loan issued from Sovereign Bank, which acquired a long-term loan guarantee from Ex-Im Bank to cover the amount of the transaction.
- Solar lighting equipment valued at \$500,000 was sold to Nigeria using Ex-Im Bank's environmental multi-buyer policy. Sol Inc. of Oklahoma exported the equipment which serves as a real-time sensing, self-adjusting skylight control system that will minimize energy losses while maximizing available day lighting.

#### Kenya and Uganda:

- ABS, Inc. Clothing & Exports received a loan from GBC International Bank of \$450,000 under Ex-Im Bank's working capital guarantee. By extending their credit, ABS, Inc. was able to finance the sale of used clothing, shoes, and rags to companies in both Uganda and Kenya.
- Using Ex-Im Bank's medium-term insurance policy, RZB Finance LLC insured the sale of conveyors and conveyor equipment worth \$914,000. This deal allowed Biyinzika Enterprises Ltd. Of Uganda to purchase the equipment from a number of U.S. suppliers including Caterpillar and C&L Refrigeration.

We invite you to visit the enhanced Africa Portal directly at [www.exim.gov/africa](http://www.exim.gov/africa).  
In addition, you may link to this portal from Ex-Im Bank's main website at [www.exim.gov](http://www.exim.gov).

If you have any questions, please e-mail them to [eximafrica@exim.gov](mailto:eximafrica@exim.gov).

Please share this publication with your associates, or suggest they subscribe online at:  
<http://www.exim.gov/lists/subscribe.cfm>.