

OPIC—Helping Companies Cross the Bridge

With nearly thirty years of political risk insurance and financing experience in emerging markets, OPIC has committed support to 235 IT and telecommunications projects located in every corner of the world—Asia, Africa, Latin America and the Caribbean, the Middle East, the New Independent States, and Southeast Europe.

Insuring Against Political Risks

Using OPIC's political risk insurance, U.S. technology companies are able to enter markets in countries where political risks make investors wary. OPIC can provide insurance against:

- i) loss of an investor's ability to convert local currency into dollars and to transfer such dollars to the United States;
- ii) expropriation or confiscation of the investment by a foreign government; and
- iii) political violence.

Coverage is available for equity investments, parent company and third party loans, capital markets financing, consigned inventory or equipment, technical assistance agreements, and other forms of investment.

Financing Innovative Projects

In many emerging markets, commercial lenders and equity investors are not willing or able to provide the level of required financing. OPIC can provide debt financing on a project finance or corporate finance basis. Rather than relying on sovereign or sponsor guaranties, project finance seeks repayment from the revenues generated by the project itself. Corporate finance relies on an existing corporate entity, other than the project company, to support debt service.

Another form of financing essential for capitalizing technology projects in the fast-paced digital economy—equity financing—is available indirectly from OPIC through various privately managed equity funds that it supports worldwide. Working with private capital, these funds make direct equity and equity-related investments in new, expanding and privatizing companies. OPIC's funds have invested in more than 65 IT and telecom projects in over 21 countries around the world and play a critical role in providing capital, technical know-how and management assistance. At the end of 2000, there were 26 OPIC sponsored funds with combined investment capital of \$3.4 billion.

OPIC \$200 Million IT Line of Credit

As one of the commitments of the "G-8" meeting in Okinawa in July 2000 aimed at bridging the digital divide, OPIC established a \$200 million "line of credit" for information technology projects in developing countries. This facility will make available a minimum of \$200 million of OPIC insurance and finance for digital opportunities worldwide.

OPIC Leads the way in Supporting Telecom and IT Services Worldwide

Communications technology infrastructure is one of the leading sectors for investment opportunities in emerging markets, as deregulation of the telecom sector is becoming the norm in many countries. And, as emerging markets' IT sectors mature, the need for more sophisticated IT services will grow. OPIC has played a role in supporting a broad range of telecom and IT services projects:

- **India:** \$37 million in OPIC insurance for Motorola to establish a paging project in the commercial and high-tech centers of Bombay and Bangalore.
- **Lithuania:** Two OPIC loans totaling \$43 million for the Omnitel cellular telecom project, which is providing cellular services to more than 90 percent of the country.
- **Africa:** A new \$350 million equity fund that targets infrastructure needs in Africa. Telecom investments are likely to lead the fund's portfolio.
- **Africa:** Regional OPIC-supported funds for Africa have invested over \$21 million in four projects in telecommunications and computer programming in Tanzania, Cote d'Ivoire, Djibouti and South Africa.
- **Venezuela:** A \$25 million political risk insurance commitment to Science Applications International for an information technology services project.
- **Pakistan:** A \$3.5 million political risk insurance commitment to Align Technology for a data processing facility.
- **India:** More than \$17 million in OPIC-supported funds investments in 11 computer programming and software services projects.
- **Russia:** A \$600,000 loan to Abamedia for a media archive project with business-to-business and e-commerce capabilities.

Digital Divide

Just 55 of the world's countries account for 99% of global spending on information technology.¹ Of the estimated 332 million people online as of March 2000, less than one percent live in Africa.² Less than five percent of the computers that are connected to the Internet are in developing countries.³

There is an unequal distribution of access to information in emerging markets due to a lack of technology infrastructure. This situation has become known as the digital divide.

Digital Opportunity

National governments around the world are quickly realizing the importance of IT to their emerging economies. Many are allocating more resources to transform their agrarian and industrial based economies into more knowledge based economies. Many nations must build their IT backbone from the ground up, creating an environment ripe for U.S. investment.

The Facts

- Latin America's e-commerce market is projected to grow from \$1 billion to \$8 billion over just three years.
- In India, during just six months in 1999, the number of Internet subscribers grew by 100 percent.
- In Romania, the personal computer market is expected to grow at an average annual rate of 17 percent over the next five years.
- In Russia, the IT market is expected to grow by 149 percent annually.
- On average, more than 88% of companies in South Africa already have some access to the Internet.

¹ Human Development Report (UNDP), 1999.

² Nua Internet Surveys, March 2000.

³ International Telecommunications Union, 1999.

Harnessing the power of technology to better educate and serve its clients, OPIC's award-winning web site features an Information Gateway that includes over 5,300 links to other web sites and documents providing economic, business, political and social data for all countries and areas in which OPIC can currently do business.

www.opic.gov

For more information, please contact James Gale of OPIC's Investment Development Department at 202-336-8629 or email him at jgale@OPIC.gov.

FROM DIGITAL DIVIDE TO DIGITAL OPPORTUNITY



OPIC AND INFORMATION TECHNOLOGY

OVERSEAS PRIVATE INVESTMENT CORPORATION
AN AGENCY OF THE U.S. GOVERNMENT