

FINANCING WATER SUPPLY AND WASTEWATER TREATMENT



The largest need for clean water and proper sanitation exists in emerging markets where most commercial lenders will not assume the risk. Enter the **Export-Import Bank of the United States (Ex-Im Bank)**. Ex-Im Bank is a federal government agency that provides export financing to promote the expansion of U.S. exports and jobs. Ex-Im Bank has a strong record of financing exports for potable water supply and wastewater treatment projects.

Since 2002, Ex-Im Bank's **ENVIRONMENTAL EXPORTS PROGRAM** helped finance over \$350 million of U.S. exports for water projects. Depending on the market, Ex-Im Bank can work with national and local governments or privatized water authorities and utilities. Environmental Exports Program offers enhancements for certain water quality exports, including: *greater risk protection, loan repayment terms up to 15-years, capitalization of interest during construction, and financing for local cost equal to 30% of the U.S. contract price.*

EX-IM BANK'S PRODUCTS

PRE-EXPORT FINANCING

Lack of working capital is one of the biggest barriers facing U.S. small businesses trying to produce goods or provide a service for export. Despite their credit worthiness, these exporters sometimes find their local bank is reluctant to make such financing available due to varied international risks. Ex-Im Bank's **WORKING CAPITAL GUARANTEE** provides commercial lenders with greater confidence to make working capital loans to U.S. water equipment and service companies for various export-related activities by substantially reducing the risks associated with these loans. The exporter may use the guaranteed loan to purchase raw materials and finished goods for export, pay for materials, labor and overhead to produce goods for export; and cover stand-by letters of credit, and bid and performance bonds.

SHORT-TERM FINANCING

The ability to offer credit terms is often the most critical element in competing for and winning export sales in the competitive water industry. Increasingly, international buyers expect the U.S. supplier to offer "open account" or unsecured credit terms rather than pay by letters of credit, cash in advance, or even credit cards. Ex-Im Bank's **ENVIRONMENTAL EXPORT CREDIT INSURANCE** protects against commercial and political risks, and also enables U.S. environmental exporters of water equipment and services to offer open-account financing to their international customers. The main benefits include:

- 95% commercial coverage and 100% political coverage with no deductible
- Advance deposit of \$500
- Option of assignment of Ex-Im Bank-insured receivables to a U.S. commercial bank for immediate payment

MEDIUM- AND LONG-TERM FINANCING

Enhanced **MEDIUM-TERM INSURANCE AND GUARANTEES** and **LONG-TERM LOANS AND GUARANTEES** encourage qualified commercial lenders to finance the export sale of U.S.-made water equipment and services. Ex-Im Bank support carries the full faith and credit of the U.S. Government and therefore participating lenders are able to offer attractive financing to creditworthy international buyers and projects. Under Ex-Im Bank's Environmental Exports Program, enhancements to these financing products include:

- Up to 15-year repayment terms for exports to water supply and wastewater treatment projects*
- Local cost coverage equal to 30 percent of the U.S. contract price
- Capitalization of interest during construction

*Repayment terms will be determined on a case-by-case basis, depending on the useful life of the export and the analysis of the buyer's financial condition.



EXPORT-IMPORT BANK *of the* UNITED STATES FINANCING FOR A CLEANER ENVIRONMENT

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