

Local Cost Disbursements Guarantee and Loan Transactions

Credit Administration
Office of Board Authorized Finance



Reducing Risk. Unleashing Opportunity.

Local Costs: Examples



What are examples of local costs?

- Goods and services manufactured or procured in borrower/end-user country
- Local labor, installation
- Import duties, VAT, other local taxes

What amount will EXIM support?

- Up to 30% of total Net Contract Price (i.e. net of all local costs and excluded goods and services)

Link to EXIM's local cost policy: <https://www.exim.gov/policies/local-cost>



Local Costs: Availability of EXIM Support



Automatic local cost support available for the following types of EXIM transactions:

- Long-term
- Environmental Exports
- Medical Equipment Initiative
- Transportation Security Export Program
- Engineering Multiplier Program
- Medium-term project finance

All other transactions require proof of officially supported competition or lack of private market financing



Local Costs: Eligibility Criteria



For all medium-term transactions, except for medium-term project finance, local costs must be:

- Related/functionally connected to the U.S. exporter's scope of work
- Goods originated/manufactured in the borrower/end-user's country
- Services provided by a locally registered business entity in the borrower/end-user's country (excluding U.S. personnel)
- Certified by the U.S. exporter in the Exporter's Certificate
- Approved by EXIM and detailed in the EXIM credit approval

Local Costs: Eligibility Criteria (continued)



For all long-term and medium-term project finance transactions, local costs must be:

- Beneficial to the project
- Goods originated/manufactured in the borrower/end-user's country
- Services provided by a locally registered business entity (excluding U.S. personnel)
- Certified by the borrower that the local cost support was not used to cover products that could reasonably be purchased in the U.S.
- Certified by the U.S. exporter in the Exporter's Certificate if the U.S. exporter is responsible for local costs under its export contract
- Approved by EXIM and detailed in the Acquisition List or EXIM credit approval



Local Costs: Disbursements



Required Disbursement Documents:

- Invoice from U.S. exporter or local cost provider
- Evidence of Payment
- Exporter's Certificate from U.S. exporter (if applicable)
- Anti-lobbying Certificate (direct loan only if supply contract is over \$100,000)

Disbursement procedures and currency conversion process for local costs are covered in legal documentation for the transaction

Local costs may be disbursed at any time once the transaction becomes operative

Disbursements for local costs may not exceed amount authorized by EXIM