

Local Cost Disbursements

Credit Administration
Office of Board Authorized Finance



Reducing Risk. Unleashing Opportunity.

Local Costs: Definition



What are local goods and services?

- Goods & Services manufactured or procured in host country
- Local labor
- Import duties, VAT, other taxes

What amount will EXIM Bank support?

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

Link to local cost policies: <https://www.exim.gov/policies/localcost/>

Local Costs: Eligibility



Standard medium-term transactions:

- Must be related to the U.S. exporter's scope of work
- Originated/manufactured in the host country. Services must be provided by a locally registered business entity
- Certified to by US exporter in Exporter's Certificate
- Detailed in the Annex B Letter
- Proof of officially supported competition or lack of private market financing

Automatic local cost support for:

- Environmental exports
- Medical exports
- Transportation Security Exports Program (TSEP)
- Project Finance transactions

Local Costs: Eligibility (continued)



Long-term transactions and medium-term limited recourse project finance transactions:

- May be related to the U.S. exporter's scope of work
- If not related, must be beneficial to the project
- Originated/manufactured in the host country. Services must be provided by a locally registered business entity
- Certified to by the Borrower in the request that the local cost support was not used to cover products that could reasonably be purchased in the U.S.
- Detailed in the Acquisition List or Annex B Letter



Local Costs Disbursements: Loans and L/T Guarantees



Letter of Credit may be used only for both U.S. and local cost goods and services

- U.S. exporter must be beneficiary
- Invoices must in US\$

Otherwise, reimbursement method

- For invoices in local currency, Borrower converts to US\$ at time of preparation of Request
- Exchange rate referenced in Credit Agreement (usually obtained from www.oanda.com)

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