

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** has helped finance over \$350 million in 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. The Environmental Exports Program offers enhancements for certain water quality exports, including: *greater risk protection, loan repayment terms up to 18-years for renewable energy, water supply and wastewater projects, capitalization of interest during construction, and financing for local cost up to 30% of the U.S. contract price.*

EX-IM BANK'S PRODUCTS

PRE-EXPORT WORKING CAPITAL

Lack of working capital is one of the biggest barriers facing U.S. small businesses trying to produce goods or provide services 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 as a result, 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:

- Repayment terms up to 18-years for exports for water supply and wastewater treatment projects*
- Local cost coverage up 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

For more information, contact Rob Guthrie, Office of Renewable Energy & Environmental Exports at 562.243.8625 or rob.guthrie@exim.gov. Also, visit www.exim.gov

FINANCING WATER SUPPLY AND WASTEWATER TREATMENT ENVIRONMENTAL EXPORTS PROGRAM



SUCCESS STORY

AMERICAN ENGINEERING SERVICES (AES), TAMPA, FLA.



American Engineering Services (AES), a manufacturer and distributor of water purification equipment, chemicals and services, has benefited from both Ex-Im Bank's small business insurance and its loan guarantees in selling to Latin American and Asian markets. An Ex-Im Bank loan guarantee enabled AES to win a \$4 million turnkey contract to provide engineering design, procurement, shipment, installation, commission/start-up and training for a desalination project for the island of Grenada. The system desalinates water to produce drinking water for the island.

"Ex-Im Bank engineers were involved throughout the design of the plant to make sure the equipment is environmentally friendly," says

AES President Ali Kalantar. "Fully 100% of the equipment used in manufacturing the system was of U.S. origin. AES uses approximately 50-75 U.S. suppliers from around the country on each project."

ENVIRONMENTAL DYNAMICS INC. (EDI), COLUMBIA, MO.

Environmental Dynamics Inc. (EDI), a manufacturer of advanced water and wastewater treatment technologies, has used Ex-Im Bank's short-term insurance to offer financing to their international customers with repayment terms ranging from 60-360 days. This financing has dramatically increased EDI's international sales.

SUCCESS STORY

From its establishment in 1975 until 1997, EDI's sales were mainly domestic. Since EDI began using Ex-Im Bank's export credit insurance in 1997, EDI has expanded into new foreign markets and significantly increased its international sales and its U.S. work force. EDI has established sales and distribution networks in more than 30 countries and has installed equipment in more than 3,000 industrial and municipal wastewater treatment systems worldwide.

"Ex-Im Bank insurance enables EDI to offer competitive credit terms to a larger customer base while minimizing foreign risk," said EDI President Charles E. Tharp. "Our increased sales and employment demonstrate the effectiveness of the Ex-Im Bank program."



BIO-MICROBICS INC., SHAWNEE MISSION, KAN.

SUCCESS STORY



Bio-Microbics Inc., a small business, was able to export 10 of its FAST wastewater treatment systems and related equipment to Acuapro S.A. of Monterrey, Mexico, with the backing of a 10-year, \$824,000 loan guarantee from Ex-Im Bank. The guaranteed lender was COFINE S.A. in Monterrey, Mexico. The transaction received longer repayment terms under Ex-Im Bank's Environmental Exports Program.

"Ex-Im Bank's involvement in this transaction helped our client to improve its cash flow and also enabled us to sell more U.S. equipment under the contract," said Bio-Microbics President Bob Rebori.



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

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