

## **FACT SHEET**

### **ENGINEERING MULTIPLIER PROGRAM**

The Engineering Multiplier Program helps stimulate exports of U.S. architectural, industrial design, and engineering services and thus increases the potential for future U.S. exports. It aims, in the short term, to expand the sales of project-related feasibility studies and pre-construction engineering services by offering fixed-rate loans and guarantees to foreign buyers of these services. In the long term, the program is designed to generate additional overseas sales of U.S. goods and services (the "multiplier effect"), since the foreign buyer is more likely to order U.S. equipment and services for a construction project on which U.S. engineers, designers, and architects did the feasibility and design work.

The U.S. Trade and Development Agency (TDA) is the primary U.S. Government agency for the funding of feasibility studies and should be approached first for such financing. If funding is not available, Ex-Im Bank will consider the request.

#### **PROGRAM DESCRIPTION**

The Engineering Multiplier Program will finance feasibility studies and pre-construction design, engineering and architectural services with a U.S. export value of up to \$10 million. These services must involve projects that have the potential of generating subsequent U.S. export orders of at least \$10 million or double the original export contract, whichever is greater.

If the project goes forward with U.S. goods and services, Ex-Im Bank may extend a loan and/or guarantee for the project. The Engineering Multiplier Program financing can then be rolled into the later financing. Transactions that cannot meet the eligibility requirements of this program (because, for example, the transaction would not likely generate subsequent U.S. export orders valued at a minimum of \$10 million) may be eligible for support under Ex-Im Bank's standard Direct Loan and Guarantee Programs.

The buyer must be a creditworthy entity and the potential project must be acceptable to Ex-Im Bank. Moreover, Ex-Im Bank looks at the foreign buyer's ability to finance all stages of the project, whether or not the actual project is to be supported by Ex-Im Bank. The buyer must be in a country eligible for Ex-Im Bank financing assistance.

## **FINANCING TERMS**

Ex-Im Bank lends or guarantees up to 85 percent of the U.S. export value, and the foreign buyer makes a 15 percent cash payment to the U.S. exporter.

In addition, Ex-Im Bank will guarantee part of a loan the foreign buyer obtains from a private lender for local costs incurred in the importing country. Ex-Im Bank will guarantee a commercial loan for local costs equal to 15 percent of the U.S. costs of the contract.

Repayment terms normally range between six months and five years. The foreign buyer must repay principal in equal semiannual installments, beginning six months after the completion date of the service contract. Interest is payable semiannually.

Maximum repayment terms for loans under the Engineering Multiplier Program, by contract price:

<b>U.S. Costs</b>	<b>Maximum Term</b>
\$80,000 or less	Up to 2 years
\$80,000 - \$174,999	Up to 3 years
\$175,000 - \$349,999	Up to 4 years
More than \$350,000	Up to 5 years

## **LATER PROJECT FINANCING**

If the proposed project goes forward, Ex-Im Bank will consider an application for financing the U.S. costs of the project. If it does undertake such financing, Ex-Im Bank can allow the foreign buyer to roll the outstanding balance of the pre-construction loan into the final financing package. Ex-Im Bank support for pre-construction services, however, does not constitute a commitment to assist the final project.

## **INTEREST RATES AND FEES**

Interest rates and fees under the Engineering Multiplier Program conform to those under the Direct Loan or Guarantee Program, whichever is used. In the case of a loan, interest will be fixed, based on Ex-Im Bank's lending rate at the time of final authorization of the loan. Interest rates on loans guaranteed by Ex-Im Bank are negotiated between lender and borrower.

## **MORE INFORMATION**

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### **Regional Offices:**

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