

# ENVIRONMENTAL EXPORTS PROGRAM

## FINANCING RENEWABLE ENERGY



The **Export-Import Bank of the United States (Ex-Im Bank)** is the official export credit agency of the United States. Ex-Im Bank has made financing for renewable energy a top priority since the inception of its Environmental Exports Program in 1994. Since that time, Ex-Im Bank has supported more than 65 projects totaling over \$1.3 billion in U.S. renewable energy exports. These have included exports for geothermal, hydroelectric, solar, and wind power projects throughout the world including the Philippines, Turkey, China, South Korea, and Germany.

Ex-Im Bank's **ENVIRONMENTAL EXPORTS PROGRAM** provides repayment terms up to 15-years for renewable energy, water supply and wastewater projects, capitalization of interest during construction and financing for local costs 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 15-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

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**SOUTHWEST WINDPOWER, FLAGSTAFF, ARIZ.**

SUCCESS STORY



**Southwest Windpower**, a small business manufacturer of battery charging wind-powered generators, has used Ex-Im Bank's environmental export credit insurance since 1996 to sell its products to small foreign distributors in developing markets, including Brazil, Turkey, India and South Africa, among others. Ex-Im Bank's insurance enables the company to offer its foreign buyers open account terms, which enables buyers to place larger orders. "The results have been tremendous," Andrew Kruse, vice president of Southwest Windpower said. "More than 50% of our revenues came from export sales. Our products are sold in more than 50 countries. Ex-Im Bank is a strategic partner in expanding our export sales."

**UNITED SOLAR OVONIC LLC, AUBURN HILLS, MICH.**

SUCCESS STORY

**United Solar Ovonik LLC**, used a \$25 million revolving credit line guaranteed under the "Fast Track" Working Capital Guarantee Program to finance the export of its thin-film solar laminates to customers in Europe and Asia. The guaranteed lender is JP Morgan Chase Bank in Cleveland, Ohio. United Solar Ovonik LLC is a wholly owned subsidiary of Energy Conversion Devices Inc., headquartered in Rochester Hills, Michigan. "Our ability to access a line of credit of this size based on export-eligible receivables and inventory has been tremendously helpful. The reduced amount of time involved has enabled us to move quickly to expand our export sales," said Sanjeev Kumar, vice president and chief financial officer of Energy Conversion Devices Inc.



**POWERLIGHT CORPORATION, BERKELEY, CALIF.**

SUCCESS STORY

**PowerLight Corporation**, exported equipment and services for the development and deployment of a 1-megawatt solar power project in Gwangju, Korea, in 2006 thanks to a 15-year, \$7.8 million medium-term loan guarantee from Ex-Im Bank. PowerLight Corp. was the first U.S. exporter to benefit from the new 15-year repayment terms available from Ex-Im Bank to support U.S. exports for renewable energy, water and hydroelectric power projects. The guaranteed lender is City National Bank of Los Angeles.



The borrower, S&P Corp. of Gwangju, Korea, owns and operates the project. The energy produced by the project is sold to Korea Electric Power Corp. (KEPCO) at a price set by Korea's Ministry of Commerce, Industry and Energy for 15-years following the project commissioning. The transaction was an Ex-Im Bank structured-finance credit, which was customized to address the specific issues of a smaller environmental project but entailed lower transaction costs than traditional project finance.



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