

Soft Loans Financing on Concessional Terms

PURPOSE:

As special kind of Oesterreichische Kontrollbank AG ("OeKB" = the Austrian Export Credit Agency) covered buyer's credits, Soft Loans support the Austrian export industry as well as the economic development of certain recipient countries. Soft Loans are characterised by particularly low interest rates, long repayment tenors with grace periods and 100% financing, based on 100% OeKB cover and OeKB refinancing.

REQUIREMENTS:

- **Soft Loan eligibility of recipient country (at present GDP per capital of max. USD 3,955.--)**
- **recipient country in accordance with the Austrian Soft Loan policy = countries which are explicitly defined as Soft Loan target countries**
- **minimum amount of Austrian content resp. value added of 50%**
- **projects which lack capacity to generate cash flow sufficient to cover the financing on commercial terms & conditions**
- **projects for which no financing on market or Arrangement terms is available from other OECD-countries**
- **compliance with international regulations (especially OECD-Consensus/Helsinki V Package).**

FINANCING:

Soft Loan financings require a concessionality level of at least 35% according to the OECD-Consensus / Helsinki V package for tied financial aid resp. a 50% concessionality level in case of LDCs (Least Developed Countries) and are – depending on the respective OECD country category - available either in the form of pre-mixed credits (this is a loan with a low interest rate, a grace period and long payment terms) or mixed credits (a financing package usually consisting of a 5% up to 15% non-refundable grant from the Federal Ministry of Finance and a 95% to 85% soft loan). These attractive terms and conditions are made possible by official support from Austrian public authorities. The Austrian Federal Ministry of Finance currently offers, as a special measure, an additional grant on the OeKB guarantee premium (until further notice) in order to reduce the total costs for the recipient country.

The Soft Loan financing conditions will be determined at the beginning of the calendar year (valid till the end of that calendar year), differentiated in accordance with the respective OECD country category of the recipient countries and will be published on the OeKB homepage.

APPLICATION:

As soon as an Austrian exporter intends to take part in a bidding, he has to inform OeKB at least 40 working days before the bid closing date. The appropriate applications for guarantee and financing should be submitted without delay after the tender award, but in any case before signing the delivery contract. In the case of direct negotiations, the Austrian exporter/commercial bank has to apply for a guarantee and soft loan financing at the beginning of the delivery contract negotiations (again before signing the delivery contract).

Within OeKB the Department for Project and Environmental Analyses is in charge of assessing projects. In order to do so the exporter has to complete a questionnaire which must be added to his application for an export guarantee.

Contact:

For more detailed information please get in touch with your relationship manager or directly contact the specialists of 8243 Structured Trade & Export Finance at UniCredit Group:

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