ANNEX

**PROPOSAL**

**CHAPTER II: FINANCIAL TERMS AND CONDITIONS FOR EXPORT CREDITS**

11. DOWN PAYMENT, MAXIMUM OFFICIAL SUPPORT AND LOCAL COSTS

d) The Participants may provide official support for local costs under the following conditions:

1) The maximum amount of official support for local costs shall not exceed:

* For Category I countries, 40% of the export contract value.
* For Category II countries, 50% of the export contract value.

2) Official support for local costs shall not be provided on terms more favourable/less restrictive than those agreed for the related exports.

3) Where official support for local cost exceeds 15% of the export contract value, such official support shall be subject to prior notification, pursuant to Article 48, specifying the nature of the local costs being supported.

65. REVIEW OF OFFICIAL SUPPORT FOR LOCAL COSTS

The Participants shall review the provisions on local costs support by no later than 3 years from formal approval.

**ANNEX IV of the Arrangement**

**SECTOR UNDERSTANDING ON EXPORT CREDITS FOR RENEWABLE ENERGY, CLIMATE CHANGE MITIGATION AND ADAPTATION, AND WATER PROJECTS**

**~~7. LOCAL COSTS~~**

~~a) For officially supported export credits relating to contracts of a value of at least SDR 10 million, official support provided for local costs shall not exceed 30% of the export contract value.~~

~~b) For officially supported export credits relating to contracts of a value of less than SDR 10 million:~~

~~1) For the sectors listed in Appendix I of this Sector Understanding, official support provided for local costs shall not exceed 45% of the export contract value.~~

~~2) For the sectors listed in Appendix II and for water projects defined in Article 4 of this Sector Understanding, official support provided for local costs shall not exceed 30% of the export contract value.~~

~~c) Where official support for local cost exceeds 15% of the export contract value, such~~ official ~~support shall be subject to prior notification, pursuant to Article 8 of this Sector Understanding, specifying the nature of the local costs being supported.~~