

London 24th September 2020

REF: International Trade Committee (ITC) Call for Evidence on UK Export Finance

About Contracta Construction UK

1. Contracta has its origins in Brazil, acting as an EPC contractor for more than 20 years and with a proven track record on infrastructure and real estate projects. The UK subsidiary was incorporated in 2016. One of the main goals of the UK subsidiary was to expand the ability to offer financing solutions to Contracta's African clients and also to create a procurement hub in Europe. These goals were defined as key to allow the expansion of the African footprint of projects and to explore the existing pipeline of projects already developed in Ghana. By incorporating the UK subsidiary, Contracta not only was able to secure funding for her clients, allowing her to continue to explore the pipeline of projects, but also created opportunities for a myriad of UK sub suppliers to export through her EPC Contracts. Currently, Contracta in the UK has 5 ongoing projects in Ghana in several sectors, totalling approximately EUR 560 Million in sales, and 4 of these projects have UKEF support. Contracta as a group has now more than 1000 employees and UK plays a substantial role in the international expansion of the company, which would not be possible without UKEF's support.

Operation

How comprehensive is UKEF's product offering - and how attractive are particular products when compared with private sector options?

2. Contracta has only experience with Sovereign Guaranteed and Direct lending Facilities to her clients. On these products, to our view, UKEF stands unrivalled. Also, in these cases, UKEF works in tandem with commercial banks, and this seems to be right formula, as the commercial banks complete the portions not covered by UKEF.

How suitable is UKEF's process for assessing applications for support?

3. As a requester, we understand that as long as the projects are pre-assessed, have a good set of information that will allow further assessment from UKEF, are presented in an organised format, and that the project itself makes sense, then UKEF will be able to quickly define category and state an opinion. Understanding that not projects are equal and quality of information may vary on every request, we consider this a correct process and a not so complicated one. The only remark is that risk approval time may vary according to country / project type and final client and that sometimes it is not clear in which stage the approval process is. Also, we understand that, although keen to help, the underwriting teams struggle to provide information on the stage, once they do not control all the steps in this process.

Do particular sectors, types of projects, or projects involving certain export destinations receive more UKEF support than others?

4. It seems that this is not an issue related to UKEFs support and is more related to less active sectors, or sectors that are not creating export opportunities. We believe that UKEF's message is very clear and they will not allow any export opportunities be missed, which is sometimes misinterpreted by the exports, who wish UKEF was the one creating the opportunities for them. We understand that every business and project have a chance to be supported as long as they are the ones creating the opportunity and that these qualify.

Are UKEF's performance targets suitable? Is UKEF's current financial allocation from HM Treasury and risk appetite appropriate to allow it to meet these targets?

5. In our particular case, the cover seems to be adequate with a slight improvement need on find ways to extend limits on sequential projects in countries where cover is exhausted.

How can UKEF continue to support economic recovery from the COVID-19 pandemic?

6. By keeping the risk appetite high and, as mentioned previously, finding ways to increase country cover limits, especially in countries with great demand for continuous projects and/or sequential projects.

Engagement

How user-friendly are UKEF products for its range of customers, including small and medium enterprises? How well does UKEF communicate its offering to new and existing customers?

7. For Sovereign Guaranteed and Direct lending Facilities we feel that there are some minor challenges to understand the products and that the aid of a bank in the process is fundamental in getting the right information across. Having said that, we were able to compare the same products offered by different ECA's and amongst the ones we have had a relationship with, UKEF's products stands as the simpler ones to understand. In regards to offering. In regards to communicating, UKEF does a very comprehensive work. It teams up with associations, it is always present in seminars and conferences, They support suppliers with supplier fairs and promote products as well as giving space for DIT and other sectors to join (such Health care for example). We cannot comment if this effort is mainly concentrated in the greater London area, once we are not present in UK's other regions.

How does UKEF engage with DIT, the British Business Bank and private sector partners to ensure the requirements of businesses exporting overseas are met?

8. We see that UKEF and DIT are engaged in the same level and there is a good level of collaboration between the teams. DIT seems to have more freedom to operate than UKEF. UKEF on the other hand brings more quality to the choices on supporting businesses. In relation to banks, we do not see were UKEF could improve as it has shown to have a relationship with almost any bank we work with and always very keen to improve.

To what extent does UKEF draw on external expertise and knowledge in the design and review of its products?

9. To the best of our knowledge, UKEF has always reached out whenever necessary to improve knowledge, acting through DIT, private banking institutions, consultants and anyone capable of adding value to the works.

What could UKEF learn from other successful export credit agencies around the world?

10. We confirm that UKEF is very competitive if compared to other ECA's. Once again, the main challenge is to track risk approval processes which are not very clear in terms of going through stages and the approval times. Perhaps a larger ENS team could also speed up assessment.