Classification: Public

Dear Emily,

As requested some thoughts around the topic. As this info is going in public domain, I have copied my colleague from Corporate Affairs for good order.

1. **Education / Awareness**

- More can be done to advertise UKEF products to small and medium enterprises ("**SME**"). While there are schemes that help financing contracts that SMEs have won overseas, there should be more support offered to those companies at the beginning of their exporting journey who are perhaps not quite ready to win contracts overseas, but who are merely gearing up to explore exporting. Working capital schemes can therefore be highly valuable. General Export Finance (GEF) facility should be widely advertised especially given it now also addresses UK companies that import to export. This detail is still not known to UK exporters and awareness around this point will increase its application / usability.
- UKEF has been proactive in illustrating that it is able to support a wide variety of sectors and projects, and thus banks have confidence that UKEF can be flexible. This is the message it is delivering to its clients.
- We have seen an historical concentration of deals in the aerospace and defence sectors. Greater diversification will be needed to support the UK net zero carbon targets and UN Sustainable Development Goals. Pending the development of such innovations, UKEF should continue to continue advertising its product offering by various means such as hosting future supplier fairs and expanding the contractor database.
- The launch of the Export Development Guarantee (EDG) scheme has opened up an opportunity for banks and UKEF to have conversations with clients around their investment in sustainability solutions. Further marketing of this scheme to focus more on a sustainability angle may lead to us seeing more diversity in sectors and types of projects.

2. **Execution Efficiency**

- At times the application process on short term schemes appears to be slow and very manual (paper based), with no apparent Service Level Agreements ("SLA") provided to companies, which may deter clients and banks from applying. There have also been slow responses on some of the more long term schemes like Buyer's Credit / Project Finance, in large part likely due to the complexity of transactions involved.
- A potential solution to the above would be to consider out-sourcing certain elements of the process example credit analysis, environmental due diligence etc. This approach has been adopted by some other Export Credit Agencies (ECAs) like Sinosure and US Exim, and so application of this to UKEF would be appropriate.
- A clear outline of SLAs would allow clients to anticipate whether it's worth pursuing engagement with UKEF, or whether to approach a different route.
- The speed of execution seen with the Nordic ECAs such as EKN (Sweden) is something that UKEF may take note of. This speed of execution, however, is likely due to the Nordic ECAs not being as involved in transactions themselves like UKEF is, through the documentation risk cover. And that in itself is a huge positive for UKEF and puts them at forefront of major ECAs.

- Consider/formulate roadmap/strategy for a digital solution in collaboration with UK clearing banks.

3. Solving for SMEs <£2m turnover

- Could there be a ring-fenced solution for this cohort to extend the guarantee cover to say 100%.
- Perhaps ring fence it for key sectors for a pilot scheme?

Hope this helps. Please do not hesitate to contact us should you have any questions.

Kind Regards

Bhavna Saraf
Managing Director, Head of Trade Product | Client Products
Chair | SWIFT UK Trade Advisory Group
LLOYDS BANK COMMERCIAL BANKING

May 2021