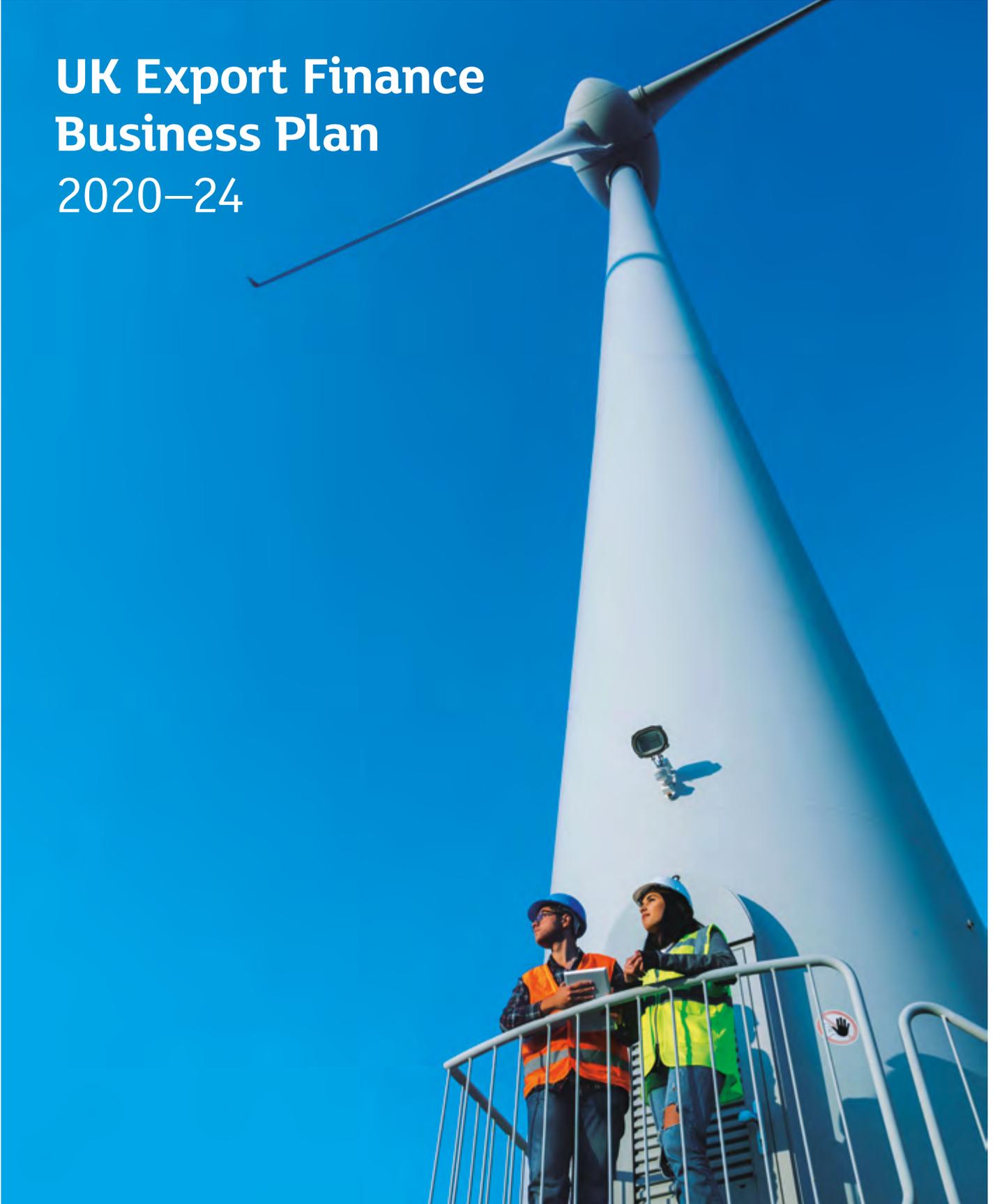




UK Export  
Finance

# UK Export Finance Business Plan 2020–24





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# UK Export Finance Business Plan 2020–24

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# Minister's foreword

It gives me great pleasure to present the UK Export Finance Business Plan for 2020–24.

The plan reflects and renews the government's ambition for the UK to become an exporting powerhouse, overcome international obstacles to UK business and strengthen trade relationships with our partners around the world.

Underpinning this ambition stands UK Export Finance (UKEF), the UK's world-class Export Credit Agency (ECA).

UKEF has 100 years' experience supporting UK businesses to achieve global success and, as the world's oldest ECA, has learnt constantly to innovate while maintaining standards and principles. This plan builds on the work of previous business plans and UKEF's achievements to date.

It sets out the measures UKEF will take over the next four years to serve its customers by enhancing its product range, growing relationships in the UK and overseas, and, in line with the Industrial Strategy, aligning support with priority sectors and markets for the UK economy. UKEF's award-winning expertise will enable businesses from all parts of the UK to access developing markets and help small and medium-sized businesses to start or expand their exporting activity.

UKEF will support the transition to a low-carbon economy, contribute to sustainable development, be rigorous in its risk assessment to protect taxpayers' money and embed compliance at the heart of its business.

Government cannot do all this alone. Our success relies on working closely with our international peers, as well as with our delivery and industry partners, and this will continue to be a priority during this Business Plan period.

As the world deals with and eventually recovers from the COVID-19 crisis it's essential that the UK reaches out to partners around the world to maintain and enhance trading opportunities. UKEF will play an important part in this endeavour, encouraging and financing companies of all sizes, so that the benefits of exporting – economic opportunity, jobs and prosperity – are felt in every part of this United Kingdom.

**Graham Stuart MP**  
Minister for Exports

June 2020



## Chair's foreword

This business plan sets out UK Export Finance's strategy to achieve its vision: to be the best ECA.

This is my second Business Plan as Chair of UKEF, and during my tenure to date I am proud to have seen the department go from strength to strength, culminating, fittingly, in record success in its 100th year in 2019.

Now, at the outset of our second century, we need to continue to strive; to innovate, improve and diversify in order to ensure that UK exporters of all shapes and sizes, backed by the UK's world-class ECA, can achieve sustained international success, especially now as the world recovers from the COVID-19 crisis. To do so, we will need to continue to collaborate generously across government and the private sector to deliver the best possible support for our customers.

Our ambition applies not only to our offer for our customers and partner financial institutions – although this is of course vital – but also for our staff. We retain our ambition to have the most engaged workforce in the Civil Service, and we will continue to champion diversity, ensuring that we can harness the full power of our employees' many talents.

Along with the entire Board, who have been closely engaged in the development of this strategy, I look forward to seeing UKEF continue to help UK businesses succeed globally.

**Noël Harwerth**  
Chair of the Board

June 2020



# Chief Executive's introduction

For the last 100 years, UKEF's core strategic goal has remained unchanged – to help UK companies do business with overseas customers, boosting the economy, jobs and livelihoods at home and for our trading partners abroad.

The department has achieved this against a backdrop of seismic global change over the course of the century – rapid economic development, exponential technological advances, and opening-up of the international trading system. There have also been hard times; UKEF was created in 1919 to help kickstart exports following the trade blockades of the First World War, and the last 100 years has seen us weather recessions, market crashes and global conflicts. Throughout, we have innovated to ensure we remain relevant to the changing requirements of our customers. This spirit of innovation will be just as important at the start of this next century, as the world responds to the challenges posed by COVID-19.

As in 1919, exports remain vital to the economy; businesses that export are more productive, create more jobs, and pay higher wages. UK goods and services are in high demand around the world, but at the same time face fierce competition from established and emerging economies. International trade is recognised as an important part of the global effort to support countries out of poverty, but protectionism poses a threat to the international trading system.

So much has changed in the last 100 years, and yet so much remains constant.

This Business Plan comes at a fitting moment, as we begin our next 100 years. To help the UK and its businesses meet the challenges of the next century, we will need to continue to be proactive, to adapt and respond. We must relentlessly focus on what our customers need from us, and deliver it to them most efficiently and effectively.

Meanwhile, the international regulatory landscape for export credits is in a state of flux. There is a broad recognition among most OECD participants that the current framework needs to be modernised to reflect the evolution of global trade. Separately, the International Working Group continues its work towards achieving a new set of rules for export credits that includes non-OECD countries. Overlaying all of this is the broader context of trade disputes and tariff wars, which has made reform quite challenging. UKEF will continue its efforts, now the UK has an independent voice post-EU Exit, to ensure the right regulatory landscape and a level playing field for UK exporters.

Our strategy for the next four years is one of ambitious evolution, building on our century's experience and success and the advances under our last Business Plan to help deliver against the government's ambition for exporters from all across the UK.

In this plan, we set out the seven delivery and organisational objectives that underpin the realisation of our mission, to ensure that no viable export from any part of the UK fails for lack of finance or insurance.

These objectives commit us to being proactive in pursuit of opportunities for UK exporters, seeking to provide support for growing markets and sectors, and spreading the economic benefits of exporting to businesses of all sizes and their employees across the UK. To do so, we need to continue building awareness of and engagement with UKEF among UK and international customers, as well as our delivery partners and stakeholders.

At the same time, we remain dedicated to rigorous management of the financial, market, compliance, enterprise, climate change, environmental and social risks we face as a department through the business we do, ensuring that we responsibly use the taxpayers' resources at our disposal. We also recognise the impact our support can have on export destination countries and are committed to trying to boost the positive and mitigate any negative.

We will also pursue our goal of having one of the most engaged workforces in the Civil Service. We recognise that only by promoting an inclusive culture of diverse talents and experience can we ensure that we are delivering for our customers and for government and the UK as a whole.

Over the next four years, I look forward to seeing us deliver ever more fully on our mission and help realise the potential of the UK's exporting community.

### **Louis Taylor**

Chief Executive, UK Export Finance

June 2020

### **Economic snapshot**

The outbreak and spread of COVID-19 has resulted in an unprecedented shock to the global economy as strict containment measures are adopted around the world. As a result, there is a high degree of uncertainty in the outlook for 2020 and beyond. Global growth forecasts are consistently being revised, with recent projections varying between -4% and +1.2% for 2020.<sup>1</sup> World economic activity is expected to increase in 2021, ranging between +2.5% and +4.9%,<sup>2</sup> but the recovery will depend on the success of policy measures amongst other factors.

This poses a potential challenge for UKEF and other ECAs, with the uncertain global outlook making robust risk management more important than ever. However, although major central banks continue to implement accommodative monetary policies, access to finance is beginning to be constrained. In the near-term, this tighter liquidity access may be testing for emerging markets but could, ultimately, heighten demand for UKEF support as ECAs can address financing gaps. In the medium to long-term, emerging markets will continue to drive global growth, and UKEF could see higher demand from UK exporters tapping into business opportunities in these markets.

<sup>1</sup> CEBR and UN DESA

<sup>2</sup> UN DESA and S&P

# About UKEF

UK Export Finance (UKEF) is the UK’s export credit agency and a government department, reporting to the Secretary of State for International Trade and the Minister for Exports, and operating under the consent of HM Treasury. As part of HM Government’s offer of support for exports, UKEF is strategically and operationally aligned with the Department for International Trade and is an integral element of the Export Strategy.

Operating under the Export & Investment Guarantees Act (1991) as amended (EIGA), UKEF provides guarantees, loans and insurance to help UK companies:

- win export contracts, by offering attractive financing terms to their overseas buyers
- fulfil orders, by supporting access to trade finance
- get paid for overseas sales, by providing export-related insurance
- protect their international investments, by providing political risk insurance

UKEF’s maximum commitment is £50 billion, and it is required to operate at zero net cost to the taxpayer. To achieve this, we charge premium rates which cover the cost of the risks we take and a proportion of our operating costs. We operate under the consent of HM Treasury, which sets financial objectives that we must meet; to do so, we have rigorous credit risk management and pricing policies.

UKEF’s role is to complement rather than compete with the private sector, and to do so we work with more than 100 private sector partners to deliver our support.

## Our export solutions

	<b>Objective:</b>	<b>Products:</b>	
<b>Long term credit</b> (2 to 18 years)	<ul style="list-style-type: none"> <li>• Providing guarantees to banks on the loans they give to overseas buyers to purchase good and services from the UK</li> <li>• Direct lending to overseas buyers so that they have the funds to purchase goods and services from the UK</li> </ul>	<ul style="list-style-type: none"> <li>• Buyer credit facility</li> <li>• Supplier credit facility</li> <li>• Direct lending</li> <li>• Lines of Credit</li> <li>• Export refinancing facility</li> </ul>	<b>Lower volume,</b> <b>higher value</b>
<b>Shorter term credit</b> (less than 2 years)	<ul style="list-style-type: none"> <li>• Reducing or removing the risk of non-payment by overseas buyers</li> <li>• Helping to support a bond required under the terms of a contract</li> <li>• Supporting working capital</li> </ul>	<ul style="list-style-type: none"> <li>• Export insurance</li> <li>• Bond insurance</li> <li>• Bond support</li> <li>• Export working capital</li> </ul>	<b>Lower value,</b> <b>higher volume</b>

# UKEF's Business Plan 2017–20

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UKEF provided SMEs like Environmental Street Furniture (ESF) with £620 million in trade finance support in 2018-19. Thanks to our support, ESF were able to supply bollards, bins and benches to the new Dubai Arena

# UKEF's Business Plan 2017–20

UKEF's business plan for 2017–20 set out an accelerated path, scaling up UKEF's businesses and operations while delivering a high quality of service for our customers and having a highly engaged workforce.

## Understanding our impact

Under this business plan, in 2019–20 we delivered:

- a record **£4.4 billion** worth of support in the financial year
- this directly helped **339 UK companies** sell to **69 overseas markets**, and indirectly helped many more in their supply chains
- **77%** of the companies we provided with finance and insurance were small or medium-sized and **88%** were based outside of London

In total, over the life of the business plan we have:

- been named as 'Best Export Credit Agency' by Global Trade Review every year, as well as winning awards from Euromoney's Trade Finance and Trade Finance Global
- connected over 1,000 UK suppliers with opportunities on projects across the world through our supplier fair program
- launched a new targeted marketing campaign under the GREAT brand that has generated over 10,000 business enquiries
- increased the number of local currencies that we can support to over 60, from the Armenian dram to the Vietnamese dong
- achieved our three highest ever scores in the Civil Service People Survey

## 2017–20: how we performed against our Business Plan commitments

We said we would...	What we did...
Be a more scalable organisation, able to support higher volumes of business efficiently and effectively, in particular on the short-term trade finance side	Implemented our innovative new bank partnership and digital trade finance service to deliver more efficiently to SMEs
Be a more customer-centric organisation, offering improved response times, quicker decision-taking and improved case-processing	Enhanced our digital services to make UKEF more accessible and user-friendly for our customers
Make meaningful contact with more exporters and other stakeholders, resulting in more exporters accessing support	Deployed our 'Exporters' Edge' GREAT marketing campaign, generating over 10,000 new responses (exceeding our target by over 20%), and introduced a programme of supplier fairs to help UK companies access the supply chain of projects UKEF supports
Use digital as a primary means for managing relationships with a wider range of stakeholders	Established a web presence for our international customers and continued to develop our digital offer for UK businesses
Be smarter in our decision-taking, using data and market intelligence to guide our interventions	Improved our data management and business analytics so that we can embed insight and analysis across our business, enabling us to make better informed and evidenced decisions
Be a great place to work, with all staff engaged in delivering our mission and clear about the value of their contribution	Scored our three highest engagement scores to date in the Civil Service People Survey; we have also made significant strides forward in improving our operating model, staff development and diversity
Collaborate generously with colleagues in the Department for International Trade, other government departments and other partners, combining our efforts to maximise the benefit to exporters	UKEF is at the heart of the government's Export Strategy, collaborating generously with other parts of government to provide a joined-up offering to exporters
Continue to be disciplined in our use of resources, and in risk management, in order to operate within the terms of our Spending Review 2015 settlement and Treasury consent, and at no net cost to the taxpayer	Continued to meet our financial objectives and operate at no net cost to the taxpayer. In 2019–20, we generated £177 million in premium income

# Mission and objectives for 2020–24

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# Our response to the COVID- 19 pandemic

We are gradually learning more about the impact of COVID-19. The shock to the global economy is predicted to be bigger than the global financial crisis of 2008. At the time of this Business Plan going to print, the Organisation for Economic Co-operation and Development (OECD) described the world economy as ‘on a tightrope’. OECD analysis has shown that the COVID- 19 pandemic has triggered the ‘most severe economic recession in nearly a century and is causing enormous danger to people’s health, jobs and well- being’. The World Bank has said that although the ultimate outcome of the pandemic is still uncertain, the outbreak of COVID-19 will result in contractions across the vast majority of emerging markets and developing economies.

As an export credit agency, in times of economic stress we have a vital role to play in stimulating export markets and aiding a smooth recovery by providing export credit solutions where the private sector will not. We are committed to our mission which is to ensure that no viable UK export fails for lack of finance or insurance.

With HM Treasury, we are working on a range of measures to address the challenges of the pandemic by taking a pragmatic, commercially- driven approach to supporting UK exporters and suppliers. This includes promoting products such as our Export Working Capital Scheme that will ease cash flow constraints for exporting businesses. Products such as these will allow us to continue to provide finance to customers that we would have supported before the outbreak of COVID-19 by taking into account the commercial impact of the virus on their business models.

While all sectors of the economy have been affected by COVID- 19, Bank of England analysis shows that services have been hit harder than manufacturing (Bank of England, June 2020). We anticipate that the speed of recovery will vary sector to sector, and we may even see lasting changes in consumer consumption and behaviour. UKEF’s product suite is comprehensive and capable of supporting exporters of all sizes and across all sectors and we are up-dating and developing new and enhanced products to support UK exporters and suppliers as part of our COVID- 19 recovery plan.

In terms of our products, we are working hard to launch over the coming months our General Export Facility, and formally launch our Export Development Guarantee which is already available. These products provide a guarantee of up to 80% to support bank loans for general working capital or capital expenditure for UK exporters and which is not tied to a specific exporting contract. First used in 2019 to support Jaguar Land Rover, we will be rolling these products out more widely and anticipate they will be helpful to businesses whose exports and supply chains have been affected by the pandemic and require support.

The scope of our Export Insurance Policy has also been temporarily extended to include transactions with the EU, Australia, Canada, Iceland, Japan, New Zealand, Norway, Switzerland and the USA so that cover is now available in 180 countries. We know that this crisis has put pressure on the ability of some exporters to agree payment terms and commercial credit insurance may become harder to obtain. By insuring against non-payment, UKEF is providing confidence to UK suppliers to continue trading and can offer greater flexibility around payment terms to overseas buyers.

We are mindful that the impact of COVID- 19 on the UK's regions will vary and will deploy our 24 regional representatives to provide support to local exporters and businesses as required. The additional funding secured in the Budget in March 2020 has provided us with the necessary resources to enhance our support to businesses in the North East of England and Scotland. That support will be important in boosting jobs and growth in those local economies, particularly in the clean growth sectors, as we move into the recovery phase of the pandemic.

This Business Plan is for both the immediate future and up to 2024. We don't yet fully understand how and when the markets will recover from the impact of this global pandemic. However, UKEF, as the UK's export credit agency, is at the forefront of recovery efforts through the range of finance solutions it can offer to the UK's exporters and suppliers.

# Mission and objectives for 2020–24

## Mission

To ensure that no viable UK export fails for lack of finance or insurance from the private sector, while operating at no net cost to the taxpayer.

To achieve this, we have four delivery objectives, which set out what we need to achieve to realise this mission, and three organisational objectives, which define the characteristics that we need as a department to be able to do so.

## Delivery objectives

- 1.** provide export finance, insurance and guidance to help UK companies of all sizes sell overseas, supporting delivery of the government's Export Strategy
- 2.** continuously adapt and focus our activity on sectors and countries where UKEF support will have the greatest economic benefit for exporters and suppliers of all sizes and across all of the UK
- 3.** improve awareness and understanding among UK companies, international buyers, prime contractors, sponsors, banks and insurers about export finance and insurance support available from UKEF and the private sector
- 4.** ensure we retain the confidence of our ministers by rigorously managing risk, improving efficiency and operating within the consent of HM Treasury

## Organisational objectives

- 5.** be a great place to work, engaging and developing our staff to deliver better for our customers, in line with the vision for a 'Brilliant Civil Service'
- 6.** be a customer-centric organisation, delivering high-quality services to the businesses and organisations we support
- 7.** be agile and adaptable, responding to emerging economic developments and market gaps

The following sections set out how we will achieve each of these objectives during the next four-year period.

## Objective 1.

### Provide export finance, insurance and guidance to help UK companies of all sizes sell overseas, supporting delivery of the government's Export Strategy

UKEF supports exports in three ways: providing guarantees, insurance and loans to help finance UK companies' international sales and protect them from risk; providing finance to and working with prime contractors and overseas buyers to secure opportunities for the UK supply chain; and referring companies to private sector suppliers of export finance and insurance to ensure their exports succeed.

UKEF's finance and insurance products are provided in collaboration with delivery partners in the private sector, and rely on the strength of these relationships. The number of customers UKEF supports and value of business underwritten are inversely dependent on private sector liquidity and risk appetite; we do not seek to displace support available from the private sector, but to fill market gaps to ensure that viable exports can happen.

### What we will do to achieve this

- Support exporters of all sizes, across all regions and sectors, subject to market needs and complying with applicable environmental, human rights, anti-bribery and corruption, sustainable lending and other relevant UKEF, UK government and international requirements.
- Build UKEF's business pipeline of large projects, connecting the UK supply chain and its support to SMEs through enhanced marketing campaigns and our international and UK origination networks.
- Work with 'super-buyers' overseas, UK and non-UK prime contractors and multipliers to enable increased opportunities for the UK supply chain including SMEs to sell into overseas projects backed by UKEF financing.
- Support SMEs efficiently and effectively, both by helping them access international businesses opportunities and by building on our innovative bank partnership delivery model to scale up our trade finance business, which currently sees two thirds of applications processed automatically.
- Grow relationships with professional advisors, international banks and other ECAs to increase our customer base.
- Use insight to continue to innovate, develop and enhance UKEF's suite of products and delivery model to fill identified market gaps, making full use of UKEF's statutory powers under the EIGA.
- Enhance UKEF's export finance managers (EFM) network which is based across the regions of the UK, working alongside DIT's International Trade Advisers to improve awareness, understanding and take-up of trade and other finance products to support exports with particular focus on SMEs.

### Case Study: Opening up opportunities in Iraq

For some years now, UKEF has supported the nation-building efforts of the government of Iraq. In 2018, UKEF provided £590 million worth of support for two contracts between GE and the government of Iraq to build two gas-fired power stations in the south of the country.

Power shortages have been a brake on Iraq's journey towards reconstruction. These highly efficient combined cycle power stations, where gas was selected over oil as a result of UKEF financing, are already ensuring that the citizens in the region have greater access to reliable power.

UKEF held a supplier fair in March 2017 to connect UK companies in the supply chain to this project. Of the 140 companies that attended the fair, 80% were SMEs and over two-thirds were involved in the bidding process.

Once completed, this project will include nearly £200 million of UK content, business that would not have been achieved for UK companies without the involvement of UKEF.



Construction at the Samawa Power Plant

## Objective 2.

### Continuously adapt and focus our activity on sectors and countries where UKEF support will have the greatest economic benefit for exporters and suppliers of all sizes and across all of the UK

While the nature of our business means that we are primarily demand-led, we can anticipate international markets and sectors where accessing finance from the private sector can be challenging, meaning that UKEF support will be in greatest demand, and therefore have the greatest impact. The availability of UKEF support in these areas may also contribute to a more competitive UK offer, and help to win business for UK exporters and suppliers.

For example, access to finance can be a particular challenge in Development Assistance Committee (DAC) countries. Similarly, support is often needed for products and sectors at very early stages of development on the innovation to export pathway (such as energy transition technologies, low carbon and renewable energy, carbon capture utilisation and storage) or seeing a decline in growth (such as aircraft programmes being wound down). Mapping this demand will help us focus our efforts, from marketing and business origination, to product development, to portfolio and exposure management.

UKEF's support can also be a critical lever in realising wider UK government strategies, for example those set out in the Export Strategy and Global Britain initiative, as well as priorities such as support for SMEs, levelling-up and clean growth. Support from colleagues in the DIT, Department for Business, Energy and Industrial Strategy (BEIS) and Department for International Development, as well as other government departments, will be vital in achieving this objective.

### What we will do to achieve this

- In collaboration with other government departments, such as the DIT, use insight and market intelligence to identify and map sectors and countries with gaps in private sector provision and align with wider government sectoral and other priorities, such as support for SMEs, levelling up and clean growth, to target our marketing and business development activities and broaden our UK and international networks' reach.
- Strengthen and optimise UKEF's overseas network of International Export Finance Executives and harness the wider HM Government network – overseas posts, sector and business advisory teams in DIT and BEIS – to connect potential customers with UKEF support.
- Develop a government-to-government finance offer for sovereign buyers to support wider government trade diplomacy.
- Support the global transition to a low-carbon economy by responding to the evolving needs of UK companies and promoting support for clean growth and climate resilience technologies and supporting the cross-government Green Finance Strategy.

- Provide UKEF support alongside ODA (official development assistance) and commercial financing, as relevant, in markets and sectors where there are demonstrable developmental and prosperity benefits with secondary benefits to the UK supply chain (see p18 on UKEF and the Sustainable Development Goals).
- Refresh our exposure management framework and actively manage our portfolio to mitigate risk concentrations in sectors and countries, ensuring we maintain capacity to underwrite more business where there is high demand.

### **Case Study: UKEF’s first support for an offshore wind farm**

In 2019, we announced that we were providing a £230 million project finance guarantee to support the construction of an offshore wind farm in the Taiwan Strait.

The Formosa 2 wind farm project involves the construction of 47 new turbines and will generate 376 megawatts of green energy, forming part of the Taiwanese authorities’ target of generating 20% of its power from renewable sources by 2025.

As a result of UKEF’s support for this project, UK companies will be involved in its construction, helping to unlock the export potential of this growing sector of the UK economy and establish them both in the Taiwanese and wider Asia-Pacific market.

UKEF has provided its support in New Taiwanese Dollars, one of over 60 currencies in which UKEF can offer financing, protecting the buyer from market fluctuations and making sourcing from the UK more attractive.



UKEF has a strong pipeline of renewable energy projects, including in offshore wind

## UKEF and the Sustainable Development Goals

The Sustainable Development Goals (SDGs), unanimously agreed in 2015 by all 193 member states of the United Nations, lay out a transformative agenda to tackle the world’s most pressing social, environmental and economic challenges by 2030. The 17 Goals and associated 169 specific targets spell out concrete ambitions to be realised to ensure a sustainable, resilient, and inclusive future in which no one is left behind.

As a UK government department delivering support to UK exporters, UKEF actively contributes to the UK’s progress towards, and achievement of, the following SDGs:



**Goal 8** – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

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**Goal 16** – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

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**Goal 17** – Strengthen the means of implementation and revitalise the global partnership for sustainable development

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We also recognise broader effects of our activities. The role we play unlocking finance for delivery of projects in destination markets for UK exporters has clear potential for ancillary contributions to the following SDGs:



**Goal 3** – Ensure healthy lives and promote well-being for all at all ages



**Goal 6** – Ensure availability and sustainable management of water and sanitation for all



**Goal 7** – Ensure access to affordable, reliable, sustainable and modern energy for all



**Goal 9** – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



**Goal 11** – Make cities and human settlements inclusive, safe, resilient and sustainable



**Goal 13** – Take urgent action to combat climate change and its impacts

UKEF is also actively exploring opportunities to improve sustainable development at every stage of our work, both directly and indirectly, working with DFID, other UK government departments and international institutions. In this context and to support Objectives 1, 2 and 7 of the 2020-24 Business Plan, we are currently examining the role we play in the value chain to inform our strategy development, seeking to maximise value for the UK and beneficiary countries.

UKEF is confident that its contribution to unlocking finance from the private sector will prove materially important to realising the SDGs in its destination markets. We believe that in meeting Objective 2 of the 2020-2024 Business Plan in particular, ECA financing will play an increasingly important role in economic development by actively bridging the finance gap, supporting the development of critical infrastructure, and demonstrating the viability of commercial financing in less developed economies. By improving our understanding of the role and scale of contribution towards the SDGs, and by delivering conscious continual improvement in this area, UKEF will uphold its responsibility in ensuring that UK exporters play their role in support of the SDGs whilst maintaining their competitive global standing.

## Objective 3.

Improve awareness and understanding among UK companies, international buyers, prime contractors, sponsors, banks and insurers about export finance and insurance support available from UKEF and the private sector

Given that our role is to fill gaps in private sector provision, ensuring that companies know that UKEF support is available at the point that they may need it is critical to our success; high levels of awareness and understanding also provide assurance that we are indeed filling the market gap.

Through our marketing activities, we engage companies in order to increase awareness, understanding and take-up of our support in every region of the UK and across all sectors.

### What we will do to achieve this

- Build awareness and understanding so that exporters of all sizes, and particularly SMEs, from across the UK and overseas buyers can access UKEF support, through targeted and GREAT campaign activities both in the UK and internationally, as well as through further integrating UKEF's offer into other government digital platforms.
- Identify and target new UK and international customers that are most likely to benefit from UKEF support through improved and increased market research, using an insight-driven approach to build on previous learning.
- Promote UKEF as the ECA of choice among buyers, global contractors and multipliers in key markets to encourage them to source from the UK supply chain, including SMEs, for major projects.
- Leverage relationships with commercial partners and intermediaries to promote UKEF products and services internationally and domestically, encouraging their customers to apply for support.
- Continue to expand our supplier fair programme across the UK to help SMEs win business with UKEF-supported projects, connecting UK supply with international demand.
- Enhance our EFM network and its activities to improve SMEs' awareness, understanding and take-up of trade and other finance products to support exports.

### Case Study: The Exporters' Edge campaign

In 2018–19, UKEF launched a new campaign under the government's GREAT umbrella entitled 'The Exporter's Edge', showcasing the support on offer from UK Export Finance to help exporters win contracts, fulfil orders and get paid.

This campaign generated more than 6,000 new responses from businesses in its first year, exceeding its target by 20% and improving awareness of the support available.

**GET THE  
EXPORTERS'  
EDGE**

UK Export Finance supported luxury furniture company Distinction to deliver a \$7 million contract supplying furniture to the luxurious Dubai Palm Jumeirah Hotel.

They secured an advance payment from the buyer - and thanks to a \$1.2 million guarantee from UK Export Finance, Distinction got the exporters' edge and boosted their revenue by millions.

**LEARN MORE AT  
GREAT.GOV.UK/TRADE-FINANCE**

**UK Export  
Finance**

**EXPORTING  
IS  
GREAT**  
BRITAIN & NORTHERN IRELAND

A press ad from the Exporters' Edge campaign

## Objective 4.

### Ensure we retain the confidence of our ministers by rigorously managing risk, improving efficiency and operating within the consent of HM Treasury

UKEF seeks to operate at no long-term net cost to taxpayers, and delivers its statutory mandate to support exports and overseas investment under the consent of HM Treasury. This sets out financial objectives for our performance, including operating within an exposure cap and a portfolio risk appetite limit, and charging a premium that covers the risks we take on and a proportion of our operating costs.

Like all other government departments, UKEF has concluded its 2019 Spending Round, which resulted in a 29% increase in UKEF's Resource Departmental Expenditure Limit for 2020–21. Budgets beyond this will be set in the 2020 Spending Review. We are also committed to efficiency and value for money in everything we do, as well as adhering to high standards of compliance and governance.

#### What we will do to achieve this

- Continue to operate at no net cost to the taxpayer, pricing and proactively managing the financial, legal, credit, enterprise and reputational risk we take on to protect taxpayers from potential long-term loss.
- Operate within the consent of HM Treasury, meeting our financial and non-financial objectives and complying with our Exposure Management Framework.
- Ensure we comply with Managing Public Money and deliver value for money in everything we do.
- Further strengthen our strong capability in risk assessment by making climate-related financial disclosures in line with the Task Force on Climate-related Financial Disclosure (TCFD) recommendations as soon as practicable after the end of the 2020–21 financial year.
- Enhance and embed governance, compliance (including as set out in the government's Anti-Corruption Strategy) and assurance, in line with government best practice.
- Make improvements to information management and reporting processes to increase efficiency and manage operational risks.
- Ensure we remain within the spending limits agreed with HM Treasury.
- Remain agile and responsive to new ministerial priorities.

### Case Study: Enterprise risk management

In 2019, UKEF combined several of its risk management activities into an overarching Enterprise Risk Management function reporting to the Chief Risk Officer. As part of its progress towards a more formalised controls environment, UKEF has established four core elements that define key themes, practices and processes that UKEF must have in place to effectively manage risk:



This will help structure UKEF’s approach to enterprise risk management as it develops.

### Implementing the Taskforce on Climate-related Financial Disclosures recommendations

The UK government fully recognises the imperative of tackling climate change. UK companies have an important role to play in the global transition to a sustainable, low carbon economy and UKEF’s products and services can help them in this. UKEF works closely with other government departments, including BEIS and DIT, to ensure that UKEF can provide support where it is needed while cross-government strategies to combat climate change continue to be developed.

UKEF also recognises the need to integrate climate risks and opportunities in its decision making, which is why, in the government’s Green Finance Strategy, UKEF committed to assess its approach to climate-related risks and opportunities through adopting the TCFD’s recommendations as appropriate to an ECA and a government department. The framework provided by the TCFD’s recommendations will enable UKEF to consider what further action it takes in respect of climate change through systematically assessing the risks and opportunities and setting out its governance, strategy, risk management, metrics and targets for addressing these.

UKEF will make climate related financial disclosures in line with the TCFD recommendations in its Annual Report and Accounts to the extent possible from 2020–21.

## Objective 5.

**Be a great place to work, engaging and developing our staff to deliver better for our customers, in line with the vision for a 'Brilliant Civil Service'**

Delivering this plan will not be possible without investing in our people. We will work to realise the government-wide Brilliant Civil Service vision, which focuses on improved outcomes, effective leadership, skilled people, and a great place to work.

UKEF is committed to developing and supporting an engaged, empowered, inclusive and resilient workforce, and we aspire to have the most engaged workforce in the Civil Service. Developing our staff is a particular priority, ensuring that we can increase diversity, retain talent and grow our capability to deliver our ambitions.

### What we will do to achieve this

- Build our workforce to ensure we have the optimum number of staff to deliver our objectives.
- Create a work environment where learning and continuous development are part of our culture, to enable our leaders, managers and staff to achieve their potential, aligned to our organisational goals.
- Continue to evolve the way we work, adopting progressive forms of flexible working to encourage people to work where and when they are most productive for our business, supported by enabling technology.
- Build staff engagement to achieve 'high performing department' status in the annual People Survey.
- Continue to improve the diversity of our workforce and ensure that all staff are given the opportunity to flourish in a work environment where they feel supported, valued and included.

### Case Study: Becoming a more diverse and inclusive workplace

We made significant progress on our diversity and inclusion agenda over the life of our last Business Plan, with a goal of making UKEF a more diverse and inclusive workplace.

To support this, we developed a new Diversity and Inclusion Strategy and the department signed up to HM Treasury’s Women in Finance Charter, Level 3 of Disability Confident Employer and the Moving Ahead scheme.

UKEF staff created new Gender and LGBT+ networks, and the department also worked closely with the Department for International Trade to give UKEF staff access to DIT networks, including BAME and disabled employee networks.

UKEF adopted the Civil Service-wide disability passport scheme and put additional support in place to provide reasonable adjustments and to support staff with mental health related issues. We launched a network of Appropriate Behaviour Champions in 2018 and have also introduced new policies to support staff with caring responsibilities and continue to champion flexible working opportunities.

Our current workforce is the most diverse on ethnicity in our recent history. UKEF is now leading the way amongst government departments with 30.9% of staff identifying as being from BAME groups, compared to 12.7% for the wider Civil Service. 37.0% of our staff are female and we recognise that this is an area for improvement. Female staff account for 28.6% of the Senior Civil Service cohort. The mean gender pay gap reduced by a quarter in the 12 months to 31 March 2019.

Meanwhile, the proportion of staff reporting bullying and harassment in the workplace has fallen year on year and average days lost to sickness is at the lowest level on record.



Members of the Finance Control Division meet to discuss operational planning

## Objective 6.

### Be a customer-centric organisation, delivering a high quality of service to the businesses and organisations we support

The ability to meet and exceed our customers' expectations of the quality of service we deliver will be a key differentiator for UKEF, in particular as we grow our relationships with our customers, our product range and our global customer base. To ensure that we are able to do so, we need to continue to build our understanding of our customers, ensuring our products, services and processes reflect their needs. We will also ensure that new digital solutions and systems, where appropriate, improve their experience of working with UKEF.

To date, UKEF has taken significant steps to digitise and automate its delivery, including our innovative bank partnership model. In this Business Plan period, we will develop this further, as well as automating more of our back-office processes to improve efficiency, and introduce end-to-end customer relationship and case management system in order to offer a seamless experience to our customers.

### What we will do to achieve this

- Continue to engage with customers and stakeholders to understand the needs and expectations of UK and international businesses.
- Further develop our digital trade finance service, add new products to meet the evolving needs of our customers, and on-board new finance delivery partners, to make UKEF easier to do business with.
- Automate more of our back-end processes to improve efficiency and reduce operational risks.
- Create an end-to-end customer relationship and case management system to manage each deal through its full lifecycle all in the same system.
- Implement our Target Operating Model.
- Collaborate across government, notably with the Department for International Trade, Department for Business, Energy and Industrial Strategy, Foreign and Commonwealth Office, Department for International Development and British Business Bank, to provide a seamless experience for customers in the UK and overseas seeking support from HM Government.
- Implement a Memorandum of Understanding between UKEF and the Department for International trade on improved coordination.

### Case Study: Our foreign content policy

In 2019, we undertook a public consultation on proposed changes to our foreign content policy, which had not been reviewed since 2007, and didn't reflect recent developments in global supply chains. The changes, which were adopted following the successful completion of the consultation, allow UKEF greater flexibility to recognise the full contribution of the UK supply chain. This includes support for scenarios which are outside of a specific export contract, but which are nevertheless conducive to supporting and developing exports from the UK.

The consultation offered exporters, overseas buyers, banks, trade associations, business representative organisations and non-governmental organisations, the opportunity to share their views on UKEF's proposed changes to take a more flexible approach. The input received provided valuable insight in response to the proposals, delivering on the department commitment in the government's Export Strategy to review and develop its policies in line with the needs of business.

UKEF received many responses, including from the British Exporters Association, British Insurance Brokers' Association, Confederation of British Industry, Federation of Small Business, Maritime London, and UK Finance.

Taking this approach has meant UKEF considered the different views of the respondents, ensuring that the needs of the customer are at the heart of UKEF's updated policy.



Changes to the foreign content policy enabled UKEF support for SolarCentury to build two of Spain's largest solar plants

## Objective 7.

### Be agile and adaptable, responding to market gaps and economic and political developments

UKEF aims to support exporters and their suppliers throughout the economic cycle. Global economic trends, emerging markets, new trading relationships and developing technologies, as well as COVID-19 recovery, will all have an impact on the support UK businesses and their international customers need. We must be able to identify and respond to these developments, ensuring that our organisational strategy remains fit to meet new challenges and expanding our range of products and solutions to fill emerging market gaps.

### What we will do to achieve this

- Embed evidence-based strategic planning and horizon-scanning in our work; review and refresh our business and operational plans annually to ensure we deliver in line with our mission.
- Identify market gaps and develop and implement innovative product and service solutions that fully comply with our policies, control framework and international obligations.
- Deploy our £8 billion Direct Lending Facility, including the additional £2 billion tranche for clean growth projects and £1 billion for defence and security exports allocated at the 2020 Spring Budget, and explore complementary alternative methods to provide long-term fixed-rate financing.
- Continue to play an active role representing the UK in international forums such as the OECD, International Working Group and Berne Union to ensure a level playing field for UK exporters.
- Work closely with other government departments, ensuring we are embedded in cross-government strategies and contribute to whole-of-government solutions.
- Support the post Covid-19 recovery by encouraging and financing companies of all sizes and from across a wide range of sectors within the UK.

### Case Study: Benchmarking our products

Each year, the British Exporters Association (BExA), a key industry stakeholder for UKEF, evaluates our products and services against those of other ECAs. In 2018–19, for the fifth year in a row, it gave us a score of 9/10 for our product offering.

In particular, it notes the opportunities offered by the government's Export Strategy and our focus on increasing the support that we offer to SMEs.

In its most recent report, BExA called on UKEF to increase finance available through our Direct Lending Facility. In the 2020 Spring Budget, UKEF's Direct Lending Facility was significantly increased to £8 billion, with £2 billion allocated for clean growth projects and £1 billion for defense and security. This additional finance will help UK exporters and suppliers to access the opportunities and growth potential presented by new trading relationships now that the UK has left the EU.



UKEF CEO Louis Taylor speaking at BExA's Annual Lunch

## How we'll measure our success

We will measure our impact using the key performance indicators set out below:

### Objectives

**1.**

**Provide export finance, insurance and guidance to help UK companies sell overseas, supporting delivery of the government's Export Strategy**

Value of business underwritten

Number of companies supported, either as direct applicants for support, as suppliers to a project supported, or through a successful referral to a private sector provider

**2.**

**Continuously adapt and focus our activity on sectors and countries where UKEF support will have the greatest economic benefit for exporters and suppliers of all sizes and across all of the UK**

Growth of pipeline in priority markets through overseas network

Breadth of sectors and destination countries

**3.**

**Improve awareness and understanding among UK companies, international buyers, prime contractors, sponsors, banks and insurers about export finance and insurance support available from UKEF and the private sector**

Target audience awareness

Leads generated

**4.**

**Ensure we retain the confidence of our ministers by rigorously managing risk, improving efficiency and operating within the consent of HM Treasury**

Meeting financial objectives

Not exceeding our risk appetite across our enterprise risks

**5.**

**Be a great place to work, engaging and developing our staff to deliver better for our customers, in line with the vision for a "Brilliant Civil Service"**

Staff engagement scores

Staff turnover and vacancy levels

Workforce diversity across protected characteristics

**6.**

**Be a customer-centric organisation, delivering high-quality services to the businesses and organisations we support**

Implementation of Target Operating Model roadmap and transformation plan

Customer satisfaction levels

**7.**

**Be agile and adaptable, responding to emerging economic developments and market gaps**

Representation in international fora

Delivery for cross-government strategies

Product comparison scores

# Our message house

Our values and our ambitions for our people are critical to achieving the vision, mission and objectives in this Business Plan. Our Message House sets out how they are aligned. This is used by all UKEF's staff and senior leaders when setting operational, divisional and individual objectives.



# About this document

This plan sets out UKEF's mission, strategy and objectives for 2020–24; these are set out in our message house on the previous page.

This provides a roadmap for the department for the next four-year period as it supports government-wide efforts to deliver against the Export Strategy, while recognising that UKEF's role is, in part, to respond to changing patterns of demand through the economic cycle. It also reflects our settlement under the 2019 Spending Review, and our obligations as a government department to manage taxpayers' resources effectively.

To help us deliver the commitments under this plan, we have developed a Target Operating Model, which provides a blueprint for the department's capabilities and activities in 2024. Each year, we will produce an operational plan, with specific activities for the year.

We will publish our next Business Plan in 2024.









UK Export  
Finance