



Department for International Development

Response to Concessional Export Credit Facility (CECF) feasibility consultation

Background

Following the Chancellor's Productivity Plan, DFID launched a public consultation on 21 July 2015 to ascertain the feasibility of developing an untied concessional export credit facility (CECF). A CECF would provide untied grants to developmental projects in low-income developing countries (LIDCs) that require concessional finance, allowing LIDC governments to award critical infrastructure contracts to the best technical bid, rather than on the basis of access to grant funding. This would have the potential to make LIDC governments less reliant on tied aid funded contracts, with all exporters (including those from the UK) able to compete on a more level playing field, based on the value that they bring to the project. DFID launched the consultation to assess the demand for a CECF, the potential development impact of a CECF and the feasibility and design options of such a facility.

Overview of consultation responses

DFID received 17 responses to consultation. These were either received via the online portal or were sent to DFID directly. Of these, 10 were from exporters, 5 were from banks, 1 was from an independent respondent and 1 was from an academic institution. The consultation closed on 12th October 2015.

16 out of the 17 responses were generally supportive of the proposed facility. Exporters in particular expressed demand for a CECF, but also highlighted some important design issues. Almost all respondents felt that such a facility had potential to deliver a favourable development impact.

Next steps

The public consultation has provided an insight into potential interest and demand for a CECF from exporters and financial institutions. However, it has also flagged a number of areas for further investigation, especially around design and feasibility. The lack of development experts or NGOs who replied to the consultation means further research and consultation needs to be undertaken to understand the potential development impact of such a facility. As such, we are now entering a process of more targeted interviews and

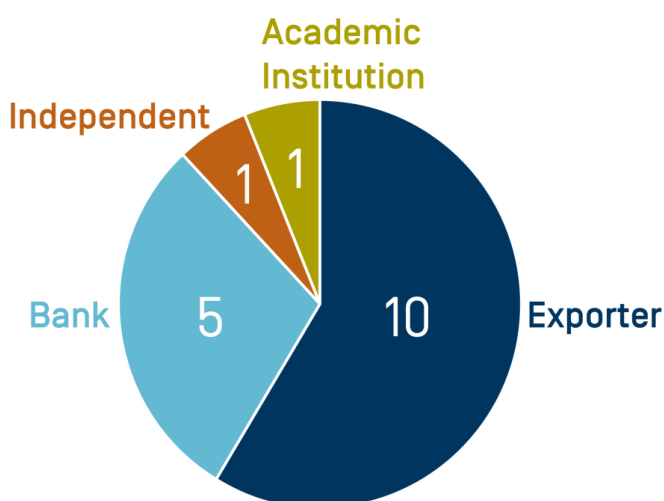


Fig. 1 Pie chart showing the distribution of respondents to the online consultation

consultation with key stakeholders including, developing country government representatives, exporters, financiers, academic institutions and NGOs. This process will conclude in early 2016, allowing Ministers to decide whether to proceed to a business case and detailed design work for a CECF. As with all decisions made by DFID, we need to be convinced that a potential CECF will have real benefits for poor women and men and represent good value for money for UK taxpayers.

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