Foreign, Commonwealth & Development Office
June 2026

Sustainable Lending Questionnaire and Guidance

In 2008, the OECD published its sustainable lending practices (SLPs)[1]. These are designed to ensure that lending by export credit agencies remains productive and sustainable. To ensure that UK Export Finance (UKEF) lending adheres to the SLPs, all UKEF lending to lower income countries[2] are subject to a Sustainable Lending Assessment (SLA) carried out by the Foreign, Commonwealth & Development Office (FCDO).

Countries may be required to comply with limits on non-concessional borrowing set by the IMF or World Bank. If there is a *zero* limit, the project will automatically fail the SLA on the grounds of debt sustainability. FCDO will check limits, and the country's latest joint IMF-World Bank Debt Sustainability Analysis (DSA).

Exporters must complete a sustainable lending questionnaire in consultation with the mandated lending banks, the relevant line ministries, and the country's Finance Ministry or debt management office, as appropriate. If the answers provided in the SLQ provide strong evidence that the SLPs are met, FCDO will write to His Majesty's Treasury (HMT) recommending UKEF support. The final decision on whether to approve financing of the project will be made by HMT.

This questionnaire focuses on two key criteria:

1. Does the project generate **positive economic returns** and avoid unproductive expenditure? (See Annex for more details)
   - Costs
   - Economic returns
   - Viability and risks

2. Does the project support **good governance and transparency**?
   - Transparency
   - Procurement

In answering the SLQ, **exporters must**:

- **Be as thorough as possible and provide supporting evidence** where appropriate, such as cost-benefit analyses, feasibility studies, and other documents

- **Avoid general statements and instead offer detailed information**. For instance, the statement, "the project will improve transport links" is far less helpful than more detailed information on which transport links will be improved, the impact on journey times and road capacity, road safety, and so on

- **Include data and their own analysis as far as possible**. This makes it far easier and much faster for FCDO to complete its SLA.

Sustainable Lending Questionnaire

[1] https://www.oecd.org/en/topics/sub-issues/sustainable-lending-practices.html
[2] Countries eligible for funding from the IMF's Poverty Reduction and Growth Trust (PRGT) or the World Bank's International Development Association (IDA).

A. Overview

Part A: Overview of project

Guidance
• Overview of the project and outline the rationale (e.g. explain the issue/s it is intended to resolve)
• Set out the background to the project and its timeline
• What is the expected lifetime of the project?
• State the total cost of the contract
• Provide details of the UKEF loan:
  ○ Loan Amount
  ○ Finance structure
  ○ UKEF product/s to be utilised (for instance, Buyer Credit Facility or Direct Lending, or a combination of the two)
• Who is/ are the contractor/s involved in delivering the project?
• Who is the borrower?
• Who is the buyer?
• Is the buyer in the public or private sector?
• If buyer is *private sector* or a *state-owned enterprise*, explain what would happen if the entity was unable to pay
Note: FCDO may require additional evidence of this arrangement

Response

B. Positive economic returns

Part B: Positive economic returns **Subsection 1: Costs**

Guidance
• Provide a detailed breakdown of project costs
  ○ A spreadsheet or table in a document is likely to be most useful
  ▪ *Examples:* raw materials, labour, training, professional services
• How will the project be maintained and financed beyond completion? Will it require government support or be self-financing?
  ○ If the project will require *government support*, explain why.
  ○ If it is expected to be *self-financing*, please provide supporting evidence. This could be a written explanation or a spreadsheet of finances/ project forecast

Response

Part B: Positive economic returns
Subsection 2: Economic impact[3]

Guidance

- Provide a cost-benefit analysis or cost-effectiveness analysis, considering all costs and benefits:
    - Do the project's expected benefits exceed its costs?
    - Provide aggregate metrics such as the Net Present Value (NPV), Benefit-Cost Ratio (BCR), and payback time of the project
    - Demonstrate that the full impact of the project has been considered, in both the short- and long-term, and primary and secondary benefits
        - *Example:* a primary benefit of an agricultural project might be improved agricultural output, whilst a secondary benefit might be improved health outcomes

- Provide key statistics that best summarise the expected impact of the project
    - *Examples:* transport infrastructure – road capacity, journey times, emissions, accidents; health – hospitalisations, hospital capacity, incidence of disease, deaths avoided; agriculture – yields, productivity, employment, output.

- Explain the employment impacts of the project:
    - Will the project generate jobs, both during the construction phase and on an ongoing basis? If yes:
        - How many in each of the construction and operational phases?
        - What percentage of the workforce will be hired locally?
        - What proportion of the jobs will be skilled vs. unskilled?
        - What training, if any, will be provided?

Response

Part B: Positive economic returns
Subsection 3: Viability and risks

Guidance

- Identify possible risks to project completion
- Explain how these risks will be mitigated

[3] See Annex for further detail

• Explain how the social and environmental costs (e.g., resettlement, habitat destruction) will be managed.
Response

C. Good governance and transparency

Part C: Good governance and transparency **Subsection 1: Governance**
Guidance If buyer is *public sector:* • Is the project approved within the country's budget? If this has not yet happened, explain why and when it is expected • Does the project have parliamentary approval? If this has not yet happened, explain why and when it is expected. Note: FCDO may require additional evidence of approvals
Response

Part C: Good governance and transparency **Subsection 2: Procurement**

Guidance
• How was the contract awarded for the project – open tender or direct appointment?
  ○ If *direct appointment:*
  ▪ Explain why an open tender was not used
  ▪ Explain why the exporter was chosen over other options
 	
  Note: FCDO may require additional information regarding procurement
 	
• Provide evidence that the procurement exercise has been carried out in accordance with the country's procurement law
  ○ For instance, with a flowchart and/ or evidence of cross-government approvals.

Response

A.

Annex – Positive Economic Returns

To adhere to the SLPs, all UKEF projects must generate positive economic returns for the country and avoid unproductive expenditure. A project has positive economic returns if its overall benefits to a country are expected to exceed the overall financing costs, after discounting to present values.

The UK Government's Approach to Project Appraisal

Appraisal is the process of assessing the costs, benefits, and risks of alternative ways to meet government objectives. It helps decision makers to understand the potential effects, trade-offs, and overall impact of options by providing an objective evidence base for decision-making.

The appraisal of social or public value includes all significant costs and benefits that affect the welfare and wellbeing of the population, not just market effects. For example, environmental, cultural, health, social care, justice and security effects are included. This welfare and wellbeing consideration applies to the entire population that is served by the government, not simply taxpayers.

In the UK, the first step in appraisal is to provide the rationale for intervention. The main focus of appraisal is on the analysis of a shortlist of options. The appraisal of shortlisted options is where expected costs and benefits are estimated, and trade-offs are considered. Social Cost Benefit Analysis (CBA) or Social Cost Effectiveness Analysis (CEA) are the means by which cost-benefit trade-offs are considered. Identification of the preferred option is based on the detailed analysis. It involves determining which option provides the best balance of costs, benefits, risks, and un-monetisable factors, thus optimising value for money (VfM).

A variety of measures can be used to summarise Social CBA. Estimates of Net Present Value (NPV) and Benefit-Cost Ratios (BCR)s are commonly used. See here for full HMT Appraisal Guidance.

FCDO's Approach to Value for Money

As highlighted above, CBA and CEA can be used to assess economic returns. FCDO typically assess the cost-effectiveness of the UK's Official Development Assistance (ODA) interventions. In FCDO, VfM means making the best possible use of all resources to maximise impact. As a minimum, benefits must exceed costs.

More substantively, FCDO interventions should provide the most significant possible benefit for their cost, given the relevant contextual factors. Where possible, analysis should be supported by available evidence on effectiveness (intervention benefit) and cost-effectiveness (level of benefit per pound). Significant differences in cost-effectiveness can arise within any sector. Cost-effectiveness is about the intervention's ultimate impact on objectives, relative to the inputs that we or our agents invest. Maximising cost-effectiveness maximises overall VfM.