



# National Audit Office

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## UK EXPORT FINANCE (UKEF) MINISTERIAL DIRECTION

As you will be aware, the Accounting Officer of UK Export Finance (the trading name of the Export Credit Guarantee Department) recently sought and received Ministerial Direction to increase their market capacity limit on Iraq from £1bn to £2bn.

The letter from Louis Taylor, Chief Executive and Accounting Officer of UK Export Finance, requesting the Direction explains that such an increase in the risk capacity for this market falls outside UKEFs established risk framework which limits the capacity which can be deployed in individual markets based on its risk rating and size of its economy. Limits set under the established framework are within the HM Treasury Consents under the Export and Investment Guarantees Act 1991 (EIGA), designed to retain a degree of balance and diversification within the portfolio, under which UKEF operate.

Transactions entered into outside of the market limits determined by the established risk framework would be outside of these Consents and would normally be considered to be irregular. In advance of directing UKEF to increase the country limit for Iraq, the Secretary of State for International Trade obtained confirmation from HM Treasury that, should he make the Direction, Treasury consent under the EIGA would be provided subject to a number of conditions.

My current consideration is that future transactions that are within this extended country limit will not be irregular. However, during the course of my 2019-20 and future audits I will review the evidence that the additional HM Treasury conditions for supporting Direction have been complied with.

UKEF will be required to disclose the existence of the Ministerial Direction in the 2018-19 Annual Report and Accounts as per the requirements of Managing Public Money.

AMYAS MORSE

