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The Office of Inspector General (OIG) each year identifies the major management and performance challenges facing the Export-Import Bank of the United States (EXIM). The Reports Consolidation Act of 2000 requires inspectors general to summarize the most serious management and performance challenges facing their respective agencies. This report provides Congress, EXIM’s leaders, and the American taxpayers with OIG’s independent assessment of the most significant challenges facing EXIM in FY 2023 and beyond. OIG will use the challenges identified in this report to inform its discretionary oversight of EXIM programs and operations.

OIG identified the following five top management challenges in FY 2023:

- Improving Organizational Culture;
- Managing Human Capital;
- Advancing U.S. Economic and Strategic Interests;
- Addressing Portfolio Risk; and
- Implementing Controls in Core Management Functions.

OIG identified these challenges based on independent research, assessment, and judgment; our own previous oversight work; and input from senior EXIM officials, including the President and Chair and other members of the Board of Directors. OIG reported similar challenges in previous fiscal years; however, the challenge related to organizational culture is new in FY 2023.

I hope this report will inform EXIM’s efforts to improve program performance and enhance agency operations. In addition, this report will inform OIG’s oversight planning and frame discussions with congressional stakeholders to ensure OIG’s discretionary oversight engagements address the most significant performance and management challenges facing the agency.

Parisa Salehi
Inspector General

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OIG identified a new management challenge in FY 2023 related to EXIM’s organizational culture. OIG interviewed 19 senior EXIM officials, including the President and Chair, other members of the Board of Directors, officers at the senior vice president level, and other officials in positions of senior responsibility between May and July 2023 to inform the development of this report. Nearly half of the officials interviewed by OIG described a lack of unity among the agency’s senior leadership team. As outlined below, these interviews indicated that EXIM’s senior leaders had differing visions for the organization and several officials described their perception of problematic behaviors by some senior leaders. Issues of morale extended to the broader EXIM workforce, as indicated by a significant decline in EXIM’s employee engagement scores based on the Office of Personnel Management’s Federal Employee Viewpoint Survey (FEVS).

OIG is beginning this year’s report with EXIM’s organizational culture challenge and a complementary challenge related to human capital management because both areas contribute to the programmatic challenges described later in the report.

Achieving Unity as a Senior Leadership Team

Nearly half of the EXIM officials interviewed to inform the development of this report told OIG that EXIM’s senior leadership team lacked unity and some described their perception of problematic behaviors by specific EXIM senior leaders. In interviews with OIG, some EXIM officials described concerns about the leadership culture of the organization. Several senior leaders criticized slow and insular decision-making processes that required most decisions to go to the Chair. Other officials indicated a view that specific EXIM senior leaders were intentionally refusing to execute the Chair’s vision for the organization and resisting efforts to be held accountable for their performance. For example, multiple senior officials believed some senior leaders were trying to “wait out” the current leadership on decisions with which they disagreed, in some cases by delaying hiring actions so they could not be held accountable for a lack of performance.

Officials also described examples of behaviors by specific members of EXIM’s senior leadership team that they found to be problematic. Multiple officials expressed concerns about bullying behavior by some senior leaders. Other senior leaders told OIG they believed a lack of inclusion

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2 The Government Accountability Office defines organizational culture as the underlying assumptions, beliefs, values, attitudes, and expectations shared by an organization’s members that affect their behavior and the behavior of the organization as a whole. See Government Accountability Office, Securities and Exchange Commission: Improving Personnel Management is Critical for Agency’s Effectiveness (GAO-13-621, July 2013).

3 References to the senior leadership team throughout this report includes EXIM officials at the senior vice president level as well as senior-graded positions that report directly to EXIM’s President and Chair. Such references include officials regardless of their status as a career or political appointee as well as officials serving in an acting capacity in the roles previously described.
for leaders from diverse backgrounds was a factor that contributed to the divisions among the leadership team. EXIM hired a Chief Diversity Officer in 2023 and officials cited ongoing efforts to improve the agency’s culture related to diversity and inclusion.

Finally, multiple officials cited the high number of past or pending senior level departures as a sign of dissatisfaction among some members of the leadership team. Specifically, OIG is aware of at least five such departures at the senior vice president or equivalent level during calendar year 2023. This is an attrition rate of approximately 33 percent based on the 15 such positions on EXIM’s September 2023 organizational chart. Officials told OIG that this increased turnover at the senior level impeded the organization’s effectiveness.

Addressing Declining Employee Morale

In addition to the organizational culture challenges at the senior levels, EXIM’s broader workforce experienced declining morale. FEVS results indicate that EXIM employee satisfaction declined significantly between 2021 and 2022. Specifically, EXIM went from 12th place in the Partnership for Public Service’s 2021 analysis of Best Places to Work in the Federal Government® to last among 30 small agencies in 2022. Multiple EXIM officials told OIG they were concerned about the significant drop in the agency’s overall engagement and satisfaction score used to calculate the agency rankings. However, at least one official noted that EXIM’s 2022 score was similar to—and in some cases higher than—previous years’ scores.

Senior officials interviewed by OIG attributed EXIM’s declining morale to several factors. Some EXIM officials told OIG that the leadership environment, described above, was a factor. Other officials cited reduced work-life flexibilities related to EXIM’s increasing in-office presence, disrespectful interactions between employees, and understaffing as factors contributing to the worsening morale. Officials described several steps EXIM was taking to address employee concerns, including improved internal communications and new, mandatory training for supervisors.

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4 Departures included both career and political appointees employed by the agency.
5 OIG employees participate in the annual FEVS survey and OIG responses are reflected in agency average scores. In 2022, 11 OIG employee responses were included in the agency’s total FEVS survey group of 232 responses (4.7 percent). OIG is unable to recalculate employee engagement and satisfaction scores used in this report to exclude OIG employees because the formula used by the Partnership for Public Service is not made publicly available.
6 The Partnership for Public Service’s ranking for the Best Places to Work in the Federal Government® is based on results from the FEVS survey.
7 EXIM’s engagement and satisfaction scores between 2011 and 2019, as calculated by the Partnership for Public Service, ranged from a high of 59.2 in 2012 to a low of 36.8 in 2018 on a scale of 0 to 100. EXIM’s engagement and satisfaction score in 2022 was 55—down from 76 in 2021.
8 Although EXIM officials acknowledged that EXIM was an early-adopter of increased in-office requirements, officials interviewed by OIG generally did not believe this shift was the leading driver of declining employee morale and instead cited other factors.
CHALLENGE 2: MANAGING HUMAN CAPITAL

EXIM continued to face difficulties managing its human capital resources in FY 2023. As described below, EXIM experienced extended vacancies in key positions that are central to agency programs and operations. In addition, EXIM continues to face challenges recruiting and retaining a workforce with the required skills to execute the agency’s mission. As described below, EXIM’s high proportion of retirement-eligible employees increases the importance of sound human capital management practices.

Filling Key Agency Vacancies

EXIM experienced protracted vacancies in key positions throughout FY 2023, including vacancies associated with the Office of the Chief Management Officer. For example, EXIM’s Office of Human Capital experienced multiple employee departures in FY 2023 and, until recently, lacked a permanent chief human capital officer for nearly two years. Although shorter in duration, similar vacancies occurred in other senior-graded positions, including the Chief Management Officer, Treasurer, and Vice President of Administrative Services. EXIM employees also reported increased vacancies in lower-graded positions. For example, the Office of the Chief Financial Officer estimated in August 2023 that approximately 13 of 40 authorized positions in the office were already or would soon become vacant.

Insufficient staffing in key positions has the potential to hinder EXIM programs and operations. For example, the protracted vacancy in the chief human capital officer position coincided with the recruitment and retention challenges, described below. Senior EXIM officials told OIG they actively worked to fill key agency vacancies. For example, EXIM onboarded a permanent chief management officer and chief human capital officer in 2023. Despite this progress, EXIM’s management platform remained strained due to the number of other vacancies within the organization.

Recruiting and Retaining a Skilled Workforce

EXIM faces persistent challenges recruiting and retaining a skilled workforce. Nearly a quarter of EXIM’s workforce is retirement eligible. Moreover, EXIM competes for talent with the private sector, other Federal agencies with access to the prestigious Senior Executive Service, and hybrid agencies with special pay authorities such as those covered under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. In addition, several EXIM officials noted that attrition increased following the 2015 lapse in EXIM’s authorization and

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9 The Senior Executive Service was created by Congress to provide a government-wide, mobile corps of managers within federal agencies. As a government corporation EXIM is excluded from Senior Executive Service hiring, consistent with 5 U.S.C. 3132(a).

10 Pub L. No. 101-73.
subsequent lack of Board quorum. Although EXIM regained a Board quorum in 2019, officials told OIG that EXIM has still not been able to replace the talent that was lost during this period.

In interviews with OIG, senior EXIM officials described increased attrition and, in some cases, difficulty recruiting new talent to the organization. Specifically, EXIM officials told OIG that hiring actions generally involved long lead times and, in some cases, did not yield candidates of sufficient quality. In a recent OIG management advisory, employees located at EXIM field offices expressed concerns about the agency’s human capital management practices. In addition to concerns about vacancies, field office employees told OIG EXIM’s succession planning, transparency, and professional growth were lacking. EXIM’s human capital challenges are complicated by long-standing issues associated with its human resources office. Specifically, a small agency compliance review conducted by the Office of Personnel Management in 2016 identified deficiencies in EXIM’s human resource processes. A subsequent review by the same office in 2021 identified some improvements.

11 OIG, Management Advisory: Regional Office Concerns Identified (OIG-O-23-01, February 27, 2023).
As reported in OIG’s previous major management challenges report, EXIM has been unable to resume levels of business activity similar to those that preceded the 2015 lapse in the agency’s authorization. In FY 2022, EXIM authorized a total of $5.2 billion in transactions that supported an estimated 32,000 U.S. jobs. However, these figures are a reduction from agency performance in FY 2021. EXIM has also been unable to resume a self-financing status. As described below, reduced business activity limits EXIM’s ability to execute its core mission of supporting American jobs, while also advancing priority economic and strategic interests.

**Resuming Business Activity**

EXIM faces challenges resuming previous levels of business activity. As shown in Figure 1, below, EXIM authorized $5.24 billion in transactions in FY 2022—$523 million less than in FY 2021 and $155 million less than FY 2020. By contrast, EXIM authorized nearly $20.5 billion in FY 2014. Not adjusted for inflation, EXIM’s FY 2022 authorizations were 48.2 percent ($4.8 billion) lower than the agency’s authorizations in FY 2002. EXIM’s statutory authority lapsed between July 1 and December 4, 2015. Between December 2015 and May 2019, a lack of quorum on EXIM’s Board of Directors prevented the agency from authorizing transactions in excess of $10 million. As a result, the total value of EXIM’s annual authorizations declined by nearly 84 percent. EXIM regained a Board quorum in 2019 and Congress subsequently reauthorized the agency through December 31, 2026. Despite these developments, EXIM has been unable to resume previous levels of business activity.

**Figure 1: Total Value of EXIM Authorizations, FY 2002–2022 ($ billions)**

Source: OIG generated using EXIM information. Values are not adjusted for inflation.
Declining levels of business activity have prevented EXIM from resuming a self-financing status because collected fees are insufficient to offset the appropriated funding required to sustain the agency’s operations. Specifically, EXIM repaid $34.1 million of its administrative costs with offsetting collections in FY 2022, while the remaining $79.9 million in administrative costs was covered by the agency’s annual appropriation. Year-over-year offsetting collections declined by $45.8 million (57.3 percent) from FY 2021 to FY 2022.

Enhancing Competitiveness and Modernizing EXIM Business Practices

EXIM faces significant competition from foreign export credit agencies (ECAs) and the agency has been slow to modernize its business practices. Senior EXIM officials told OIG these factors hindered EXIM’s ability to generate business. EXIM’s 2022 Competitiveness Report characterizes the ECA sector as being in a period of transition. In its statement on the report, EXIM’s Advisory Committee expressed concern that EXIM appeared to be “set in its ways, maintaining the status quo [and] passively waiting for transactions.” EXIM’s survey of stakeholders also indicated that:

- EXIM is viewed as less competitive than other ECAs;
- Content requirements, interest rates/prices, and prioritization are the main competitiveness concerns; and
- Customers would like to see more business orientation and faster processing speed.

In a 2023 evaluation, OIG found that EXIM’s competitiveness in relation to other ECAs that are party to the Organization for Economic Cooperation and Development Arrangement has decreased over the past decade. Specifically, the evaluation found that EXIM’s product offerings remain competitive with other ECAs. However, EXIM’s ECA competitors increasingly offer a wider variety of products. The evaluation also identified statutory and policy limitations, stringent requirements for Board review and approval for certain transactions, and the agency’s internal review processes as factors contributing to EXIM’s reduced competitiveness.

Achieving Statutory Goals and National Interest Objectives

Reduced business activity limits EXIM’s ability to execute its core mission of facilitating the export of U.S. goods and services and supporting American jobs. Additionally, EXIM continues to face difficulties in meeting the goals associated with congressional mandates and other initiatives that seek to advance U.S. national interest objectives. Although EXIM has made

12 Export-Import Bank of the United States, Report to the U.S. Congress on Global Export Credit Competition (June 2023).
13 Members of the Organization for Economic Cooperation and Development agreed to the Arrangement on Officially Supported Export Credits in 1978, which provides a framework for the orderly use of officially supported export credits.
improvements in achieving congressionally directed allocations of its exposure cap, the agency continues to face challenges.

Annual authorizations in support of EXIM’s mandates related to sub-Saharan Africa, environmentally beneficial exports, and China and transformational exports increased between FY 2021 and FY 2022; while authorizations related to small business were largely flat. Nevertheless, EXIM was not on track to achieve the congressionally directed targets for each of these categories. For example, EXIM’s charter requires the agency to ensure that not less than five percent of EXIM’s total financing authority is made available each fiscal year for the financing of renewable energy, energy efficiency, and energy storage technology exports; this would equate to $6.75 billion out of EXIM’s total financing authority of $135 billion. While financing authority was made available for such mandates, actual authorizations were significantly less than the congressional goals. For example, EXIM authorized $176.1 million to support exports of environmentally beneficial goods and services in FY 2022. Accordingly, EXIM authorized just 0.13 percent of its financing authority for environmentally beneficial goods and services in FY 2022.

OIG previously reported on factors affecting the agency’s ability to meet congressional goals.15 EXIM officials interviewed for the development of this report told OIG that the agency was focused on improving performance against the congressional goals. Specifically, the officials cited the Chair’s weekly meetings that are used to monitor progress against the goals and the Board’s June 2021 approval of a $900 million solar energy project in Angola as examples of recent successes. In addition, officials told OIG that the policy aim of the congressional mandate related to environmentally beneficial exports could be viewed by stakeholders to conflict with the provision in EXIM’s charter which prohibits discrimination based on industry. Finally, some EXIM officials told OIG they were skeptical that the volume of transactions related to the China and Transformational Exports Program—while increasing—was sufficient to have a meaningful impact on U.S. economic competition with China.

CHALLENGE 4: ADDRESSING PORTFOLIO RISK

EXIM faced challenges in FY 2023 as it attempted to manage default and concentration risk. Although EXIM’s default rate decreased in FY 2023, senior EXIM officials told OIG the default rate and associated cap\(^{16}\) impeded the agency’s ability to achieve congressionally directed allocations of EXIM’s exposure cap and advance national interest objectives. In addition, EXIM’s active portfolio is at an increased risk of default because the agency has not sufficiently managed concentration risk.

Managing Default Risk

During FY 2023, EXIM’s publicly reported default rate decreased. Nevertheless, senior EXIM officials told OIG that the default rate continues to impede the agency’s ability to achieve congressionally directed allocations of EXIM’s exposure cap and advance national interest objectives. For example, EXIM is currently evaluating transactions related to nuclear energy exports. One senior EXIM official noted that the default cap could be breached if one or more of such transactions defaulted given their high costs. Congress is considering legislation that could provide relief on the default rate cap for certain transactions; however, it is unclear whether the legislation will be enacted.\(^{17}\)

OIG reported on its review of EXIM’s default rate management practices in FY 2023.\(^ {18}\) In that review, OIG determined that EXIM calculated and reported its default rate in accordance with statutory requirements. However, OIG also found that EXIM’s default rate calculation underestimates risk within the agency’s active portfolio and that EXIM lacked centralized data on the performance of some credits, which impeded the agency’s ability to provide timely and accurate data on non-performing credits.

Diversifying EXIM’s Portfolio

EXIM’s active portfolio is at an increased risk of default because the agency has not sufficiently managed concentration risk. As shown in Figure 2, below, EXIM’s industry exposure percentages were largely unchanged between FY 2021 and FY 2022. Aircraft continued to represent EXIM’s largest sector of exposure in FY 2022—totaling $12.8 billion or 36.1 percent of total exposure. During the same period, exposure in the oil and gas sector increased as a percentage share from 19.3 percent in FY 2021 to 20.7 percent in FY 2022 despite the agency having a congressional mandate to support exports of environmentally beneficial goods and

\(^{16}\) EXIM is subject to a two percent default rate ceiling, at which point its lending cap would freeze. Accordingly, reaching the default rate ceiling would prevent the agency from authorizing most new transactions.

\(^{17}\) Bipartisan legislation, the Civil Nuclear Export Act of 2023, was introduced in the U.S. Senate in June 2023. If enacted, the bill would expand EXIM’s authority to support nuclear export projects, including by modifying the default rate cap.

services. EXIM’s current strategic plan includes a goal addressing portfolio concentration risk. Additionally, senior EXIM officials told OIG they were focused on addressing concentration risk, while ensuring that the agency does not discriminate based on industry in accordance with EXIM’s charter.

Figure 2: EXIM Exposure by Major Industrial Sector, FYs 2021 and 2022

Source: OIG generated using EXIM information.

19 Export-Import Bank of the United States, Strategic Plan FY 2022-2026 (April 2022).
CHALLENGE 5: IMPLEMENTING CONTROLS IN CORE MANAGEMENT FUNCTIONS

EXIM faces challenges in implementing effective internal controls across the agency. Despite improved results in the annual financial statement and information security audits, OIG continues to identify internal control weaknesses. As described below, recent OIG audits and evaluations identified internal control deficiencies related to a range of operational processes.

Strengthening Internal Controls

EXIM has made progress but still faces challenges in developing and implementing an effective internal controls program. OIG’s evaluation of EXIM’s Chief Risk Officer function found that the agency had not completed development of its comprehensive internal controls review program that applies to operational processes and made an associated recommendation.\(^{20}\) Internal controls weaknesses were also evident in OIG’s finding that EXIM lacked effective internal controls over its annual improper payment risk assessment process.\(^{21}\) Specifically, OIG identified inconsistencies in the data EXIM used to inform its improper payment risk assessment, including multiple, signed versions of the risk assessment questionnaires and changes to program risk scores that were not vetted with process owners. As a result, OIG determined that EXIM did not comply with requirements of the Payment Integrity Information Act of 2019\(^{22}\) (PIIA) during FY 2022. OIG issued three recommendations to improve EXIM’s compliance with PIIA-related risk assessments, all of which the agency implemented in FY 2023. OIG will assess the extent to which these actions brought EXIM into compliance with PIIA during its next statutorily required audit in FY 2024.

Insufficient internal controls also contributed to findings in OIG’s recent reports on EXIM’s information security and travel practices. OIG’s audits of EXIM’s information security program and practices determined that EXIM’s information security program and practices were considered effective.\(^{23}\) However, the audits also identified areas for improvement related to IT controls. In addition, OIG found that EXIM officials did not fully comply with domestic and international non-sponsored travel policy and procedures because the agency lacked the necessary procedures and training to ensure compliance.\(^{24}\)


\(^{21}\) OIG, Audit of EXIM’s Fiscal Year 2022 Compliance with The Payment Integrity Information Act of 2019 (OIG-AR-23-05, May 17, 2023).

\(^{22}\) Pub L. No. 116-117.


\(^{24}\) OIG, Audit of EXIM’s Domestic and International Non-Sponsored Travel (OIG-AR-23-07, September 2023).
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<th>Abbreviation</th>
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<tr>
<td>ECA</td>
<td>Export Credit Agency</td>
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<td>Export-Import Bank of the United States</td>
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<td>FEVS</td>
<td>Federal Employee Viewpoint Survey</td>
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<td>OIG</td>
<td>Office of Inspector General</td>
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<td>PIIA</td>
<td>Payment Integrity Information Act of 2019</td>
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If you fear reprisal, contact EXIM OIG’s Whistleblower Protection Coordinator at oig.whistleblower@exim.gov  

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