

**FY 2022  
Congressional  
Budget  
Justification**



# Export-Import Bank of the United States

## Fiscal Year 2022 Congressional Budget Justification

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## Budget Summary

The Export-Import Bank of the United States (EXIM) is the official export credit agency (ECA) of the United States. EXIM is an independent, executive branch agency and a wholly owned U.S. government corporation that provides loans, loan guarantees and insurance to support American jobs by facilitating U.S. exports. EXIM provides financing when private-sector lenders are unable or unwilling to provide financing and levels the playing field when U.S. exporters are facing foreign competition backed by official export credit support.

### Budget Overview

The Fiscal Year (FY) 2022 President's Budget Request provides \$114.0 million for EXIM's administrative expenses and \$10.0 million in program budget. This budget is expected to support \$9,580 million in total authorizations, with an export value of \$11,600 million supporting an estimated 59,000 jobs. Due to COVID-19's adverse impact on the global economy, the President's Budget also requests temporarily increasing EXIM's default rate cap from two percent to four percent through September 30, 2022. Temporarily increasing the cap will ensure that EXIM is able to facilitate U.S. exports and support American jobs, while enabling the agency to prudently restructure and maximize recoveries on defaults brought about by the global effects of COVID-19.

Through this budget request, EXIM will implement the congressional mandates in its statute while contributing to the Administration's efforts to "Build Back Better." Specifically, this budget will include \$2.0 million in administrative expenses for two critical mandates arising out of EXIM's 2019 reauthorization: (1) supporting American exporters facing competition from ECA financing from the People's Republic of China (PRC), and (2) supporting renewable energy and environmentally beneficial U.S. exports.

These resources will allow EXIM to invest in the competitive intelligence critical to gaining situational awareness of Chinese global activity and coordinating with partners across the U.S. government to level the playing field for U.S. businesses in critical and transformational export sectors. To support environmentally beneficial exports, these resources will also include hiring staff dedicated to expanding EXIM's renewable-energy pipeline; developing research and data related to EXIM's portfolio and environmental impacts; and creating new partnerships, engagements and outreach with American exporters, foreign buyers and transition-finance industry leaders.

The 2022 Budget begins the process of addressing the climate crisis. As outlined in Executive Order 14008: "Tackling the Climate Crisis at Home and Abroad", EXIM will evaluate its programs and financing to identify the appropriate actions it can take to support this policy objective in the 2023 Budget.

In addition to supporting the economic recovery following the COVID-19 pandemic, EXIM also serves the American taxpayer through debt reduction. As a self-financing agency, EXIM has managed its operational costs and financing risks to provide a net surplus of more than \$9.5 billion to the Department of the Treasury since 1992. In FY 2022, EXIM expects to provide \$228.0 million toward debt reduction.

EXIM also contributes to U.S. economic growth by supporting thousands of small and medium-sized enterprises across the country. From FY 2010 to FY 2020, EXIM supported more than 1.4 million American jobs, and in FY 2020, nearly 90 percent of EXIM's transactions supported small businesses. EXIM's trade credit support is critical to American exporters that often lack private-sector financing options. EXIM's 2019

reauthorization also stipulated that at least 30 percent of its available financing authority must be available to support small business exports beginning on January 1, 2021 – an increase over its previous 25 percent requirement. To achieve the small business threshold, this budget supports EXIM’s additional investments in training, outreach, and targeted education campaigns.

This budget also supports EXIM equity efforts. EXIM provides support to minority and women-owned businesses (MWOBs) through a dedicated group of specialists that work exclusively with MWOBs. This team provides hands-on guidance on the availability of EXIM financing and works to increase the total amount of financing to support exports from these businesses. In addition, EXIM has formed an Equity Team to enable EXIM to advance equity for staff, board members, stakeholders, and customers. These initiatives will help EXIM implement Executive Order 13985: “Advancing Racial Equity and Support for Underserved Communities Through the Federal Government.”

## Overview of Programs

EXIM supports American exporters and jobs through four major programs (products): loan guarantees, direct loans, export credit insurance, and working capital and supply chain guarantees.

Loans and guarantees extended under the medium-term loan program typically have repayment terms of one to seven years, and loans and guarantees extended under the long-term loan program usually have repayment terms of more than seven years. Short-term financing consists of all transactions with terms of less than one year.

- **Loan Guarantee Program:** EXIM loan guarantees cover the repayment risks on a foreign buyer’s debt obligations incurred to purchase U.S. exports. EXIM guarantees to a commercial lender that, in the event of a payment default, EXIM will pay to the lender the outstanding principal and interest on the loan. EXIM’s comprehensive guarantee covers commercial and political risks for up to 85 percent of the U.S. contract value.
- **Direct Loan Program:** EXIM offers fixed-rate loans directly to foreign buyers of U.S. goods and services. EXIM extends to an American exporter’s foreign customer a fixed-rate loan covering up to 85 percent of the U.S. contract value. EXIM’s direct loans generally carry fixed interest-rate terms in accordance with the Arrangement on Guidelines for Officially Supported Export Credits (the Arrangement) negotiated among members of the Organisation for Economic Co-operation and Development (OECD).
- **Export Credit Insurance Program:** EXIM’s export credit insurance supports U.S. exporters selling goods overseas by protecting against the risk of foreign buyers or other foreign debtors defaulting for political or commercial reasons.

Insurance policies may cover shipments to one buyer or to multiple buyers, insure comprehensive credit risks (including both commercial and political) or only political risks, and offer either short-term or medium-term coverage.

In addition to reducing non-payment risk, export credit insurance also enables exporters to increase their access to capital and offer competitive payment terms to their international customers.

- **Working Capital and Supply Chain Guarantee Program:** EXIM provides repayment guarantees to lenders on secured, short-term working capital loans made to qualified exporters. The working capital guarantee may be approved for a single loan or a revolving line of credit.

EXIM also provides supply-chain financing to assist U.S. exporters and their suppliers through accounts receivable financing. The EXIM guarantee reduces the risk associated with export-related accounts receivable purchased by lenders. This increases liquidity in the supply chain and provides suppliers, particularly small businesses, with greater access to capital. The facilities are generally for a term of one year.

# Administrative Budget Request

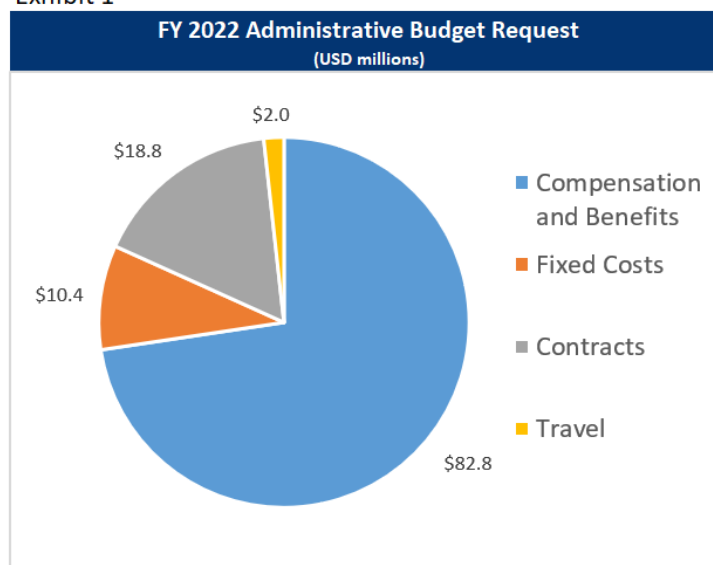
## Administrative Expenses

The FY 2022 President’s Budget Request provides \$114.0 million for EXIM’s administrative expenses.

This Budget Request supports the operational functions inherent to EXIM’s mission: underwriting, managing transaction-related activities, and overseeing the agency’s information management portfolio.

The request for administrative expenses is \$4.0 million more than the FY 2021 appropriated level of \$110.0 million, and includes an additional \$2.0 million for compensation and benefits, and existing contracts. This request also includes \$2.0 million for additional resources to support the agency’s efforts to assist U.S. exporters competing against companies backed by Chinese export financing and supporting efforts to diversify EXIM’s portfolio in key industries.

Exhibit 1



Compensation and benefits are by far the largest share of the administrative budget, representing 72.6 percent, as highlighted in Exhibit 1. Contracts – which includes all IT costs, such as cybersecurity – are the second-largest share of the FY 2022 budget at 16.5 percent.

## Implementing 2019 Reauthorization Requirements

EXIM’s 2019 reauthorization charged the agency with establishing a Program on China and Transformational Exports (China Program) with the aim of both levelling the playing field for all American exporters facing competition backed by the PRC and advancing American leadership in key industries including 5G, renewable energy, biomedical sciences, biotechnology, artificial intelligence, financial technology, advanced computing and semiconductors.<sup>1</sup> The reauthorization set a goal of reserving no less than 20 percent – \$27 billion – of its \$135 billion financing authority for the China Program. Through this program, EXIM is also engaged in the Small and Less Populous Island Economies (SALPIE) initiative, a framework designed to enhance economic relations with the islands of the Pacific, Caribbean, and North Atlantic regions.

Consistent with the agency’s 2019 reauthorization legislation<sup>2</sup> and aligned with the climate objectives of the Biden-Harris Administration, EXIM will increase its efforts to expand its clean-energy pipeline; develop additional internal research and data related to EXIM’s portfolio and environmental impacts; and create

<sup>1</sup> *Further Consolidated Appropriations Act, 2020*, P. L. 116-94, Division I, Title IV, § 402 (12 USC. §635(I)).

<sup>2</sup> *Further Consolidated Appropriations Act, 2020*, P. L. 116-94, Division I, Title IV, § 407 (12 USC. §635(b)(1)(K)).

new partnerships, engagements and outreach with American exporters, foreign buyers, and transition-finance industry leaders. This budget request includes \$2 million in additional resources to support the administrative, personnel, and other operational costs for these efforts.

## Administrative Expenses

Exhibit 2 provides a comparison of EXIM’s FY 2021 estimate and the FY 2022 request.<sup>3</sup> EXIM’s total expenses in FY 2021 are expected to be \$119.0 million, which includes \$9.0 million in two-year rollover funds from FY 2020. Since two-year rollover funds have been completely allocated, EXIM does not expect to have significant rollover funds available for FY 2022. Because of this, EXIM will not be able to continue all activities in FY 2022, such as competitive analysis for the China Program, an internal controls review program, and legal services that were paid with rollover funds in FY 2021.

Exhibit 2

FY 2022 Administrative Budget Request			
(USD millions)			
	FY 2021 Estimate	FY 2022 Estimate	
Salaries	\$ 55,503,000	\$ 59,961,000	
Benefits	21,219,000	22,799,000	
Fixed Costs	10,407,000	10,407,000	
Administrative Contracts	14,602,000	4,483,000	
IT Contracts	14,519,000	12,100,000	
2019 Reauthorization Requirements	1,500,000	2,000,000	
Travel	1,000,000	2,000,000	
Training	250,000	250,000	
<b>Total</b>	<b>\$ 119,000,000</b>	<b>\$ 114,000,000</b>	

Note: The expense categories provided above are for informational purposes only and should not be considered individual programs, projects or activities.

Exhibit 2 also reflects an increase in salaries and benefits from FY 2021 to FY 2022. These estimates are based on 407 estimated full-time equivalents (FTEs) in FY 2021. EXIM expects to fill its existing vacancies and have an estimated 425 FTEs in FY 2022 (see Exhibit 3). Exhibit 2 further reflects the initial investment in the creation of a global business development strategy; an increase in travel, which had been reduced in FY 2020 and FY 2021 due to COVID-19 restrictions; and decreases in IT contracts, administrative contracts, and funds to support the China Program.

This budget request includes an increase of \$2.0 million for compensation, benefits, and contracts from the FY 2021 appropriated level. These resources will be used to offset the effects of inflation and the proposed 2.7 percent pay adjustment as well as the cost increases built into agency contracts. EXIM received level appropriations of \$110.0 million for administrative expenses from FY 2017 through FY 2021. During this period, federal employee compensation and benefits requirements, cybersecurity and information technology needs, and new statutory mandates have steadily increased costs

Exhibit 3

Two-Year FTE Counts	
FY 2021 Estimate	FY 2022 Estimate
407	425

<sup>3</sup> The expense categories are for informational purposes only and should not be considered individual programs, projects, or activities.

to the agency. With a \$2.0 million increase, EXIM will be able to mitigate the effects of these increased costs by backfilling key positions and limiting the emergence of skill gaps.

## EXIM's Self-Financing Projection

EXIM collects exposure fees and interest income from EXIM's credit program users. From these fees, EXIM first sets aside funds to cover the costs of its credit programs, consistent with the prudent reserve requirements of the Federal Credit Reform Act of 1990 (FCRA).<sup>4</sup> The remaining fees are classified as offsetting collections, which are used to cover operations, as authorized in the agency's annual appropriations language. After paying these operating expenses, the remaining offsetting collections are classified as

Exhibit 4

EXIM Bank Financial Activity (USD millions)					
	FY 2020		FY 2021		FY 2022
	Actual		Appropriation		Budget Request
<b>Revenue</b>					
Offsetting Collections	\$	(16.9)	\$	(119.0)	\$ (124.0)
Negative Subsidy		-		(69.4)	(228.0)
<b>Total Revenue</b>	\$	(16.9)	\$	(188.4)	\$ (352.0)
<b>Expenses</b>					
Administrative Expenses	\$	110.0	\$	119.0	\$ 114.0
Program Budget Expenses		-		-	10.0
Carryover		-		-	-
<b>Total Expenses</b>	\$	110.0	\$	119.0	\$ 124.0
<b>Summary</b>					
Total Revenue	\$	(16.9)	\$	(188.4)	\$ (352.0)
Total Expenses		110.0		119.0	124.0
Tied Cancellations		(64.3)		-	-
Inspector General		5.7		6.5	6.5
<b>Net Appropriation</b>	\$	34.5	\$	(62.9)	\$ (221.5)

negative subsidy, and EXIM is required to send this negative subsidy to the Treasury at the end of each fiscal year. Since 1992, EXIM has sent a net of \$9.5 billion to the Treasury.

As depicted in Exhibit 4, EXIM expects to collect \$352.0 million in fees in excess of expected program losses in FY 2022. Of this amount, \$124.0 million will be classified as offsetting collections to cover operating expenses and the remainder will be classified as negative subsidy.

Exhibit 4 shows EXIM expects to be self-financing in FY 2022 and expects to remit an estimated \$228.0 million in excess collections to the Treasury. Moreover, the exhibit shows that EXIM's total expenses for FY 2022 and the net appropriation includes the administrative expenses for the EXIM Office of the Inspector General.

<sup>4</sup> Codified at 2 U.S.C. § 661.



## Program Budget Request

This budget requests \$10 million for program budget, which will primarily support EXIM's efforts to underwrite transactions with a risk profile that, under FCRA, have reserve requirements above what EXIM can competitively charge its users. In keeping with FCRA requirements, without program budget each EXIM transaction must be subsidy neutral or generate negative subsidy. That is, the aggregate fees and interest collected from each transaction must exceed all transaction-related expenses, including prudent reserves. With \$10 million in program budget, EXIM will be able to authorize a number of transactions where the expenses are expected to exceed their aggregate fees and interest collected by a total of \$10 million, primarily to offset Chinese practices that often provide unfair advantages to its exporters and also support America's lead in clean-energy technologies. Without these resources, American exporters could lose business to competitors supported by Chinese ECAs or competitors operating in the clean-energy space regardless of their source of financing. Ceding these markets to global competitors, American workers and their companies could be put at a long-term disadvantage because they missed opportunities to establish U.S. technology and standards. EXIM last received program budget in FY 2013.

## Default Rate Request

EXIM reports to Congress on a quarterly basis the current default rate on its active portfolio.<sup>5</sup> As of March 31, 2021, the default rate was 1.048 percent. This rate reflects the “total amount of required payments that are overdue” (claims paid on guarantees and insurance transactions plus loans past due) divided by a “total amount of financing involved” (disbursements). The default rate has continued to increase since the onset of the COVID-19 crisis, as this once-in-a-century pandemic continues to adversely impact the global economy, affecting EXIM borrowers across several key sectors. Missed payments cause the default rate to rise, while recoveries made on claim payments lower the default rate. Historically, EXIM recoups more than 50 cents for every dollar paid out in claims, but even under normal conditions recovery efforts can take months or even years to complete.

In the event the default rate reaches two percent, EXIM’s lending cap is immediately frozen, limiting the capacity of the agency to authorize new transactions.<sup>6</sup> If this were to occur, the resulting curtailment of financing activities will impact all users of EXIM financing, including small businesses looking to increase their exports and maintain and grow their American workforce. As of March 31, 2021, the default rate remains below two percent; however, increased defaults and delayed recovery efforts due to the COVID-19 pandemic have significantly elevated the risk of EXIM breaching its default-rate cap.

To quantify and understand the risk that the economic effects associated with the COVID-19 pandemic present to its portfolio, EXIM developed several stress test scenarios to model potential outcomes of the overall default rate. As overviewed in EXIM’s *Default Rate Report* for Congress, several of these COVID-19 stress test scenarios simulate the default rate should recovery efforts remain incomplete during the short term. The latest results from March 2021 indicate that EXIM may exceed its two percent default-rate cap, with the average results reaching up to approximately four percent for some of the scenarios in which EXIM is unable to complete recovery efforts in the short term.

Accordingly, the President’s Budget for FY 2022 is proposing a temporary increase of EXIM’s default rate cap to four percent (4%) between October 1, 2021, to September 30, 2022. This temporary relief for the default rate cap will allow EXIM to provide support to borrowers affected by the pandemic and engage in restructuring and recovery efforts, while also allowing EXIM to continue facilitating American exports and supporting jobs during this uncertain economic time.

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<sup>5</sup> Section 8(g)(2)(B) of *The Export-Import Bank of 1945*, as amended (12 U.S.C. § 635g(g)(2)(B)).

<sup>6</sup> Section 6(a)(3) of *The Export-Import Bank Act of 1945*, as amended (12 U.S.C. § 635e(a)(3)).

## Authorization Forecast

### Authorizations and Market Conditions (Effects of COVID-19)

This Budget Request is expected to support \$9,580 million in new authorizations in FY 2022 and 59,000 U.S. jobs with an estimated export value of \$11,600 million. Exhibit 5 provides a breakdown of these authorizations by program and type, showing \$6,187 million in long-term authorizations, \$500 million in medium-term authorizations, and \$2,893 million in short-term authorizations.

EXIM derives its authorization forecasts from its pipeline of transactions and assessing the likelihood that each will be authorized. The pipeline and assessments are based on EXIM maintaining situational awareness of the many economic-, industry- and country-specific factors impacting the transactions and influencing their progress through EXIM's underwriting process.

COVID-19 had a significant impact on many of the markets where EXIM is active and many of the exporters and foreign buyers that use EXIM's products. As industrialized economies have stabilized, the prospects for global recovery have improved through FY 2021. EXIM continues to see evidence of positive developments on

the global macroeconomic front, particularly as it relates to rising trade and commerce data, stronger manufacturing growth, firmer industrial production trends, and healthier patterns of domestic demand worldwide. However, EXIM also expects the recovery to be uneven, and many economies, including those in Latin America, may face challenges into FY 2022.

The uneven nature of the recovery is evident in Exhibit 5, where EXIM forecasts a significant increase in transportation authorizations in FY 2022 but declines in most other programs. This reflects the significant impact COVID-19 had on the transportation sector, which prompted many airlines to delay aircraft deliveries from FY 2020 and FY 2021 to FY 2022. It also reflects the increased uncertainty in the oil and gas sectors where EXIM's primary project-finance and global-infrastructure borrowers operate.

Exhibit 5

Authorization Forecast (USD millions)			
	FY 2021		FY 2022
<b>Long-Term</b>			
Project Finance	\$	1,813	\$ 750
Global Infrastructure		1,111	340
Transportation		1,257	5,097
<b>Subtotal</b>	<b>\$</b>	<b>4,181</b>	<b>\$ 6,187</b>
<b>Medium-Term</b>			
Guarantees	\$	525	\$ 136
Insurance		75	364
<b>Subtotal</b>	<b>\$</b>	<b>600</b>	<b>\$ 500</b>
<b>Short-Term</b>			
Multi-Buyer Insurance	\$	2,550	\$ 1,880
Single-Buyer Insurance		240	240
Working Capital & Supply Chain		773	773
<b>Subtotal</b>	<b>\$</b>	<b>3,563</b>	<b>\$ 2,893</b>
<b>Total</b>	<b>\$</b>	<b>8,344</b>	<b>\$ 9,580</b>

## Exposure

EXIM's total aggregate loan, guarantee, and insurance exposure may not exceed \$135.0 billion at any one time.<sup>7</sup> EXIM defines exposure as the outstanding and undisbursed principal balance of authorized loans, guarantees, and insurance. It also includes the unrecovered balance of payments made on claims submitted to EXIM in its capacity as guarantor or insurer under its export guarantee and insurance programs. Exposure does not include accrued interest or transactions pending final authorization. Ultimately, EXIM's exposure is primarily derived from two sources: new authorizations and repayments of approved authorizations.

EXIM develops exposure forecasts by estimating the approval of new authorizations combined with the reduction of exposure due to the expected repayments, prepayments, or cancellations of transactions. The difference between the two yields the change in exposure during a fiscal year. Exhibit 6 provides the summary of EXIM exposure through FY 2022.

Exhibit 6

Fiscal Year	Exposure Analysis (USD billions)						
	2016	2017	2018	2019	2020	2021 est	2022 est
Exposure (Beginning of FY)	\$ 102.2	\$ 87.3	\$ 72.5	\$ 60.5	\$ 54.7	\$ 46.9	\$ 46.8
Repayments/Prepayments/Cancellations	(19.9)	(18.2)	(15.3)	(14.0)	(13.2)	(8.4)	(6.6)
New Authorizations	5.0	3.4	3.3	8.2	5.4	8.3	9.6
<b>Exposure (End of FY)</b>	<b>\$ 87.3</b>	<b>\$ 72.5</b>	<b>\$ 60.5</b>	<b>\$ 54.7</b>	<b>\$ 46.9</b>	<b>\$ 46.8</b>	<b>\$ 49.8</b>

<sup>7</sup> Section 6(a)(2) of *The Export-Import Bank Act of 1945*, as amended (12 U.S.C. § 635e(a)(2)).

# Proposed Appropriations Language for the President's FY 2022 Budget

## Program Account

*The Export-Import Bank of the United States is authorized to make such expenditures within the limits of funds and borrowing authority available to such corporation, and in accordance with law, and to make such contracts and commitments without regard to fiscal year limitations, as provided by section 9104 of title 31, United States Code, as may be necessary in carrying out the program for the current fiscal year for such corporation: Provided, That none of the funds available during the current fiscal year may be used to make expenditures, contracts, or commitments for the export of nuclear equipment, fuel, or technology to any country, other than a nuclear-weapon state as defined in Article IX of the Treaty on the Non-Proliferation of Nuclear Weapons eligible to receive economic or military assistance under this Act, that has detonated a nuclear explosive after the date of enactment of this Act.*

## Administrative Expenses

*For administrative expenses to carry out the direct and guaranteed loan and insurance programs, including hire of passenger motor vehicles and services as authorized by section 3109 of title 5, United States Code, and not to exceed \$30,000 for official reception and representation expenses for members of the Board of Directors, not to exceed \$114,000,000, of which up to \$17,100,000 may remain available until September 30, 2023: Provided, That the Export-Import Bank (the Bank) may accept, and use, payment or services provided by transaction participants for legal, financial, or technical services in connection with any transaction for which an application for a loan, guarantee or insurance commitment has been made: Provided further, That notwithstanding chapter 51, subchapter III of chapter 53, and section 5373 of title 5, United States Code, the Board of Directors of the Export-Import Bank of the United States may set an employee's rate of basic pay up to the rate for level III of the Executive Schedule, and this authority may be applied to no more than 35 employees at any point in time and shall remain in effect until September 30, 2022: Provided further, That the Bank shall charge fees for necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the collection of moneys owed the Bank, repossession or sale of pledged collateral or other assets acquired by the Bank in satisfaction of moneys owed the Bank, or the investigation or appraisal of any property, or the evaluation of the legal, financial, or technical aspects of any transaction for which an application for a loan, guarantee or insurance commitment has been made, or systems infrastructure directly supporting transactions: Provided further, That in addition to other funds appropriated for administrative expenses, such fees shall be credited to this account for such purposes, to remain available until expended.*

## Program Budget Appropriation

*For the cost of direct loans, loan guarantees, insurance, and tied-aid grants as authorized by section 10 of the Export-Import Bank Act of 1945, as amended, not to exceed \$10,000,000: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That such funds shall remain available until September 30, 2037, for the disbursement of direct loans, loan guarantees, insurance and tied-aid grants obligated in fiscal years 2022, 2023, 2024, and 2025.*

## Receipts Collected

*Receipts collected pursuant to the Export-Import Bank Act of 1945 (Public Law 79-173) and the Federal Credit Reform Act of 1990, in an amount not to exceed the amount appropriated herein, shall be credited as offsetting collections to this account: Provided, That the sums herein appropriated from the General Fund shall be reduced on a dollar-for-dollar basis by such offsetting collections so as to result in a final fiscal year appropriation from the General Fund estimated at \$0.*

## Proposed Legislative Language Change

### Temporary Increase of EXIM Default Rate Cap

*Sec. 7070.*

*(a) Section 6(a)(3) of the Export-Import Bank Act of 1945 (12 U.S.C. 635e(a)(3)) shall be applied through September 30, 2022 by substituting “4 percent” for “2 percent” in each place it appears.*

*(b) Section 8(g) of the Export-Import Bank Act of 1945 (12 U.S.C. 635g(g)) shall be applied through September 30, 2022 by substituting “4 percent” for “2 percent” in each place it appears.*

## Appendix 1: EXIM Digital Modernization Report

Section 3(d)(2) of the *21st Century Integrated Digital Experience Act* (Digital Experience Act) requires agencies to publicly report on compliance.<sup>8</sup>

EXIM currently maintains one public website (<http://www.exim.gov>) and three public digital services (EXIM Online, ELMS and PRM). EXIM has prioritized the modernization of its public-facing digital services.

EXIM's public website fully complies with the eight requirements set out under Section 3(a) of the Digital Experience Act. Therefore, EXIM will not incur any additional costs to modernize its public website.

EXIM Online is a legacy system and a public digital-lending and application system located on a restricted-access website only accessible to EXIM customers. Commercial banks, exporters, and brokers typically interact with the application from their office environments given the information density, complex reporting, and forms included in the application. EXIM Online currently complies with six of the eight criteria set out under Section 3(a) of the Digital Experience Act. The two remaining criteria are that the digital services be accessible to individuals with disabilities in accordance with Section 508 of the Rehabilitation Act of 1973 and be fully functional and usable on common mobile devices.<sup>9</sup>

ELMS was introduced in 2020 and is a new public digital service located on a restricted-access website only accessible to EXIM customers. It is a working capital application system whose customers are commercial banks, exporters, and brokers. These customers also typically interact with the application from their office environments on full-size screens given the information density, complex reporting, and forms included in the application. ELMS currently complies with seven of the eight criteria set out under Section 3(a) of the Digital Experience Act. The remaining criterion is that the service be fully functional and usable on common mobile devices.

PRM was introduced in 2021 and is a new public digital service located on a restricted-access website only accessible to EXIM brokers. This service promotes the efficient management of these EXIM partners. PRM currently complies with all criteria set out under Section 3(a) of the Digital Experience Act.

EXIM recognizes the importance of confirming its digital tools are fully compliant with Section 508 and is working to update any noncompliant components in a timely and cost-effective manner.

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<sup>8</sup> P.L. 115-336 (44 U.S.C. § 3501 note).

<sup>9</sup> 29 U.S.C. § 794d.



## **Appendix 2: Report on Outstanding Government Accountability Office and Inspector General Recommendations**

The Good Accounting Obligation in Government Act (“GAO-IG Act” or “Act”), P.L. 115-414, requires each federal agency, in its annual budget justification, to include a report on: (1) each public recommendation of the Government Accountability Office (GAO) that is designated by the GAO as "open" or "closed, unimplemented" for a period of not less than one year preceding the date on which the annual budget justification is submitted; (2) each public recommendation for corrective action from the agency's Office of the Inspector General (OIG) for which no final action has been taken and which was published not less than one year before the date on which the annual budget justification is submitted.

EXIM takes all OIG and GAO reports and recommendations seriously and places a high priority on implementing and closing out recommendations.

EXIM currently has 27 open OIG recommendations that were issued prior to February 2021. Of those, EXIM has implemented 16, which are now pending OIG closure.

Additionally, EXIM has nine open GAO recommendations issued prior to February 2021. EXIM has implemented seven, which are now pending GAO closure. The remaining two recommendations are in the process of being implemented but require a pilot program that is currently underway and expected to be completed by November 2021.

EXIM has not disagreed with any outstanding OIG or GAO recommendations.

The following charts provide the implementation status, as required by the Act.

## GAO Recommendations Issued prior to February 2021: Implementation Status

Report	Issuance Date	Recommendation	Timeline for Implementation
Fraud Risk Management GAO-18-492	7/19/18	Rec. 1: The acting Bank president and Board chairman should ensure that the Bank evaluates and implements methods to further promote and sustain an antifraud tone that permeates the Bank's organizational culture, as described in GAO's Fraud Risk Framework. This should include consideration of requiring training on fraud risks relevant to Bank programs, for new employees and all employees on an ongoing basis, with the training to include identifying roles and responsibilities in fraud risk management activities across the Bank.	EXIM has implemented this recommendation and submitted supporting documentation for GAO closure.
Fraud Risk Management GAO-18-492	7/19/18	Rec. 4: The acting Bank president and Board chairman should ensure that the Bank develops and implements an antifraud strategy with specific control activities, based upon the results of fraud risk assessments and a corresponding fraud risk profile, as provided in GAO's Fraud Risk Framework.	EXIM has implemented this recommendation and submitted supporting documentation for GAO closure.
Fraud Risk Management GAO-18-492	7/19/18	Rec. 5: The acting Bank president and Board chairman should ensure that the Bank identifies, and then implements, the best options for sharing more fraud-related information--including details of fraud case referrals and outcomes--among Bank staff, to help build fraud awareness, as described in GAO's Fraud Risk Framework.	EXIM has implemented this recommendation and submitted supporting documentation for GAO closure.
Fraud Risk Management GAO-18-492	7/19/18	Rec. 6: The acting Bank president and Board chairman should lead efforts to collaborate with the Bank's OIG to identify a feasible, cost-effective means to systematically track outcomes of fraud referrals from the Bank to the OIG, including creating a means to link the OIG's proven cases of fraud to the specific Bank transactions from which the OIG actions arose. If any such means are found to be feasible and cost-effective, the acting Bank president and Board chairman should direct appropriate staff to implement them, with such information to be used for purposes consistent with GAO's Fraud Risk Framework, such as data analytics.	EXIM has implemented this recommendation and submitted supporting documentation for GAO closure.
Fraud Risk Management GAO-18-492	7/19/18	Rec. 7: The acting Bank president and Board chairman should ensure that the Bank monitors and evaluates outcomes of fraud risk management activities, using a risk-based approach and outcome-oriented metrics, and that it subsequently adapts antifraud activities or implements new ones, as determined to be appropriate and consistent with GAO's Fraud Risk Framework.	EXIM has implemented this recommendation and submitted supporting documentation for GAO closure.
Underwriting Policies GAO-19-43	5/15/19	Rec. 1: The Chief Operating Officer of EXIM should consider establishing documented policies and procedures for (1) determining medium-term	EXIM has implemented this recommendation and submitted

Report	Issuance Date	Recommendation	Timeline for Implementation
		delegated authority lenders' eligibility for continued participation in EXIM's programs and (2) decertifying or taking other appropriate actions for such lenders that do not meet compliance or eligibility standards.	supporting documentation for GAO closure.
Underwriting Policies GAO-19-43	5/15/19	Rec. 2: The Chief Operating Officer of EXIM should establish documented policies and procedures for periodically reviewing credit programs in which the government bears more than 80 percent of any loss to determine whether private sector lenders should bear a greater share of the risk.	EXIM has implemented this recommendation and submitted supporting documentation for GAO closure.
Anti-Fraud Data GAO-19-337	5/23/19	Rec. 1: EXIM's chief operating officer should direct EXIM's Credit Review and Compliance Division to assess and document the practicality of incorporating into its preauthorization Character, Reputational, and Transaction Integrity (CRTI) reviews searches of data elements in SAM that indicate delinquent federal debts owed by applicants, and, if practical, implement relevant approaches—such as manual searches or batch matching.	Expected completion: 11/30/21
Anti-Fraud Data GAO-19-337	5/23/19	Rec. 2: EXIM's chief operating officer should direct EXIM's Credit Review and Compliance Division to assess and document the practicality of incorporating into its post authorization CRTI reviews searches of data elements in SAM that indicate delinquent federal debts owed by applicants and participants, and, if practical, implement relevant approaches—such as manual searches or batch matching.	Expected completion: 11/30/21

### OIG Recommendations Issued prior to February 2021: Implementation Status

Report	Issuance Date	Recommendation	Timeline for Implementation
Evaluation of Risk Management Procedures and CRO Responsibilities OIG-EV-17-01	12/2/16	Rec. 1: To clarify the authority and responsibility of the CRO with respect to the current allocation of risk management responsibilities across the agency, EXIM Bank should formally document the risk management roles, responsibilities and authority of its line of defense functions; clarify responsibilities and interaction between different senior management committees and divisions; identify the individuals and functions to be responsible for each; and address any gaps in those responsibilities.	Expected completion: 9/30/21
Report on EXIM's Credit Guarantee Facility Program OIG-EV-17-03	3/30/17	Rec. 5: Review and update the reachback policy for the CGF program to be consistent with actual practice and reduce the need for waivers. In reviewing and updating the reachback policy, the Bank should analyze the case-by-case determination of a reachback relative to the average policy date (i.e., operative date); consider establishing limits on the utilization of the facility for reachback transactions; set requirements for communicating	Expected completion: 9/30/21

Report	Issuance Date	Recommendation	Timeline for Implementation
		analysis of reachback issues to decision makers including the Board; and establish procedures for consideration of waivers to the policy. This would include documenting the supporting evidence in the credit file.	
Evaluation of EXIM's CLF Model and Loss Reserve Process	6/19/19	Rec. 7: Strengthen the Process' governance by expanding the current model program into a formal MRM framework, particularly with an expansion to include better risk mitigation surrounding error checking, statistical reporting, execution of model changes, and role definition. One of these roles should include documentation updates (i.e., a checklist item) to ensure that the SOP matches the current process to reduce errors	Expected completion: 9/30/21
Audit of EXIM's DATA Act Submission OIG-AR-20-01	11/2/19	Rec. 1: OCFO revise the internal control activities around Files A, B, and C to ensure that the Bank performs accurate and appropriately designed validations and reconciliations before the Senior Accountable Official (SAO) submits and certifies the Bank's quarterly DATA Act submissions. Procedures should ensure that the reconciliations use all amounts shown in each file and that personnel itemize all reconciling items and identify corrective actions. Once the Bank has completed the corrective actions, it should re-perform the reconciliations until all reconciling items are resolved or no further action is required.	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.
Audit of EXIM's DATA Act Submission OIG-AR-20-01	11/2/19	Rec. 2: OCFO design, document, and implement a formalized document signoff process that includes the names of the preparer and the reviewers and the dates that the preparer and reviewers completed and approved the internal control activities (i.e., the reconciliations) so the Bank can perform proper monitoring of the control procedures in conjunction with each DATA Act submission.	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.
Audit of EXIM's DATA Act Submission OIG-AR-20-01	11/2/19	Rec. 3: SAO, in coordination with the OCFO develop, document, and implement a policy requiring that all journal vouchers that adjust obligated balances include object classes and program activity codes.	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.
Audit of EXIM's DATA Act Submission OIG-AR-20-01	11/2/19	Rec. 4: SAO, in coordination with the OCFO review the Bank's current policies and procedures for entering obligations in FMS-NG to ensure that they reiterate requirements for accurately and completely entering object classes and program activity codes in FMS-NG.	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.
Audit of EXIM's DATA Act Submission OIG-AR-20-01	11/2/19	Rec. 5: SAO, in coordination with the OCFO develop and document a corrective action plan to assure that the Bank accurately and completely reports object classes and program activity codes in all financial and award data submissions (Files B and C). The corrective action plan should document EXIM's root-cause analysis, steps required to correct missing object classes in	EXIM has implemented this recommendation and submitted supporting

Report	Issuance Date	Recommendation	Timeline for Implementation
		financial and award data submissions, and the planned timeline.	documentation for OIG closure.
Audit of EXIM's DATA Act Submission OIG-AR-20-01	11/2/19	Rec. 6: SAO and EXIM's Working Group determine the root cause of the errors identified during the testing of the first-quarter FY 2019 File D1 and take the necessary corrective action to (a) correct the errors for records shown in USASpending.gov, (b) identify the risk of reporting incorrect data for each data element containing an error, and (c) modify the policies and procedures for recording data in Comprizon and FPDS to address the risks, and to include adequate verification and validation review processes performed by the data owner and a supervisor or other independent party.	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.
Audit of EXIM's DATA Act Submission OIG-AR-20-01	11/2/19	Rec. 7: SAO and EXIM's Working Group determine the root cause of the errors identified during the testing of the first-quarter FY 2019 File D2 and take the necessary corrective action to (a) correct the errors for records shown in USASpending.gov, (b) identify the risk of reporting incorrect data for each data element containing an error, and (c) modify the policies and procedures for recording data in FABS to address the risks, and to include adequate verification and validation review processes performed by the data owner and a supervisor or other independent party.	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.
Audit of EXIM's DATA Act Submission OIG-AR-20-01	11/2/19	Rec. 8: SAO and EXIM's Working Group improve the design of its review of the procurement and financial assistance award data in FPDS and FABS by reviewing additional data elements and performing more comprehensive reviews.	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.
Audit of EXIM's DATA Act Submission OIG-AR-20-01	11/2/19	Rec. 9: SAO and EXIM's Working Group design, document, and implement a process for reviewing Files D1 and D2 before the SAO submits and certifies the quarterly DATA Act submissions, and a process for notifying the DATA Broker of any errors identified in data derived by the DATA Broker. Review procedures should include steps for documenting any errors or concerns identified, including any necessary corrective actions.	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.
Audit of EXIM's DATA Act Submission OIG-AR-20-01	11/2/19	Rec. 10: SAO and EXIM's DATA Act Working Group establish policies and procedures that address timelines for submitting FABS files that comply with P.L. 109-282, including internal milestones to ensure that the files can be extracted, validated, and uploaded to FABS by required due dates. The policies and procedures should also address cut-off dates for submitting correcting data that ensure sufficient time for the SAO certification of quarterly DATA Act submissions, commensurate with EXIM's risk tolerance related to data accuracy, completeness, and quality.	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.
Audit of EXIM's DATA Act Submission OIG-AR-20-01	11/2/19	Rec. 11: SAO and EXIM's Working Group establish policies and procedures to help ensure that all data reported in FABS and included in EXIM's certified File D2 are reported as intended by the DATA Act Standards and seek clarification from OMB and Treasury as necessary to ensure appropriate interpretation of the DATA Act Standards.	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.

Report	Issuance Date	Recommendation	Timeline for Implementation
Audit of EXIM's DATA Act Submission OIG-AR-20-01	11/2/19	Rec. 12: SAO and EXIM's DATA Act Working Group complete a data inventory to govern its DATA Act activities and help ensure compliance with government-wide financial data standards.	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.
Audit of EXIM's DATA Act Submission OIG-AR-20-01	11/2/19	Rec. 13: SAO and EXIM's DATA Act Working Group develop and implement a review process for the data inventory that the Bank will perform at regular intervals and after each DATA Act Information Model Schema (DAIMS) update.	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.
Audit of EXIM's DATA Act Submission OIG-AR-20-01	11/2/19	Rec. 14: SAO and EXIM's DATA Act Working Group develop, test, and implement a Data Quality Plan (DQP) that covers significant milestones and major decisions pertaining to: <ul style="list-style-type: none"> <li>• Organizational structure and key processes providing internal control activities for spending reporting.</li> <li>• Management's responsibility to supply quality data to meet the reporting objectives for the DATA Act in accordance with OMB Circular No. A-123.</li> <li>• EXIM's testing plan and identification of high-risk reported data, including (1) specific data that the Bank determines to be high-risk that are explicitly referenced by the DATA Act and (2) confirmation that these data are linked through the inclusion of the award identifier in the agency's financial system and are reported with plain English award descriptions.</li> <li>• Actions taken to manage identified risks.</li> </ul>	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.
Evaluation of Risk Management Procedures and CRO Responsibilities OIG-EV-20-01	12/2/19	Rec. 2: Create a Bank-wide Model Risk Management framework to ensure integrity of data products and continuity of model production.	Expected completion: 9/30/21
Audit of EXIM's Suspension and Debarment Program OIG-AR-20-06	9/30/20	Rec. 1: Update, finalize, and implement internal procedures to ensure that S&D referrals are processed consistently and in accordance with a designated time-frame. The internal procedures should require but are not limited to: a. Establish preliminary and SDO review timelines for processing of referrals differentiated by case types. b. Implement a process to alert responsible staff to send timely notification of suspension, proposed debarment, and debarment decisions to affected parties. c. Require entry of excluded individuals into SAM within 3 business days as required and sending timely notification of decisions to the affected parties. d. Include controls and process validation for the various phases and steps involved (e.g., queues by case type, milestones or follow-up dates for phase and step(s) completion, monitoring reports, and periodic reconciliation of exclusion of information to SAM).	Expected completion: 9/30/21

<b>Report</b>	<b>Issuance Date</b>	<b>Recommendation</b>	<b>Timeline for Implementation</b>
FY 20 Financial Statements Audit Management Letter OIG-AR-21-02	11/13/20	Rec. 1: Define audit review, analysis and reporting policies and procedures for the Splunk platform and the independent review of logged activity on a periodic basis (performed by one who is knowledgeable but not performing the activity).	Expected completion: 11/13/21
FY 20 Financial Statements Audit Management Letter OIG-AR-21-02	11/13/20	Rec. 2: Implement the defined audit review, analysis, and reporting policies and procedures for the Splunk platform and ensure operational effectiveness and compliance.	Expected completion: 11/13/21
FY 20 Financial Statements Audit Management Letter OIG-AR-21-02	11/13/20	Rec. 3: Align its process for applying operating system patches to its approved change management policies to ensure they are congruent.	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.
FY 20 Financial Statements Audit Management Letter OIG-AR-21-02	11/13/20	Rec. 4: Perform and document the testing of all operating system patches before they are migrated to test and production environments and maintain audit evidence supporting the approval of the deployed operating system patches.	EXIM has implemented this recommendation and submitted supporting documentation for OIG closure.
FY 20 Financial Statements Audit Management Letter OIG-AR-21-02	11/13/20	Rec. 5: Ensure that all verified vulnerabilities are appropriately remediated per EXIM's policies.	Expected completion: 11/13/21
FY 20 Financial Statements Audit Management Letter OIG-AR-21-02	11/13/20	Rec. 6: Formally document and track all identified vulnerabilities that will not be mitigated in accordance with EXIM's policies as a POA&M order to document all deviations from the established guidelines.	Expected completion: 11/13/21
FY 20 Financial Statements Audit Management Letter OIG-AR-21-02	11/13/20	Rec. 7: Enforce EXIM's existing policies and procedures regarding access control management related to recertification and formally document the performance of the timely review.	Expected completion: 11/13/21
FY 20 Financial Statements Audit Management Letter OIG-AR-21-02	11/13/20	Rec. 8: Enhance the precision of the review control over the CSC Input File (File 3) of the re-estimate model to ensure all relevant data is input accurately.	Expected completion: 11/13/21