



Fiscal Year 2020 Support for Minority-Owned Businesses

March 2021



ONLINE PUBLICATION

Consistent with the Joint Explanatory Statement accompanying the *Department of State, Foreign Operations, and Related Programs Appropriations Act, 2021*, Acting EXIM First Vice President and Vice Chairman, James C. Cruse determined that it is in the national interest to post this report online at www.exim.gov. The report will be published no less than 30 days after transmittal to the Committees on Appropriations.

SUPPORT FOR MINORITY-OWNED BUSINESSES

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Background

The Export-Import Bank of the United States (EXIM) is the official export credit agency of the United States. EXIM is an independent federal agency that supports American jobs by facilitating the export of U.S. goods and services.

EXIM's financing is not disbursed on the basis of a predetermined amount of financing for an individual sector, region, industry, constituency, or export destination. Rather, it is primarily driven by the needs of U.S. businesses and their international buyers to access EXIM financing in order to facilitate U.S. exports.

Consistent with statutory requirements, qualified applicants must commit to pay applicable fees, premia, and interest to access EXIM financing. Applications must align with the requirement that the private sector was unable to provide viable, competitive financing and that EXIM financing will supplement—not compete with—private capital.¹

Demand for EXIM financing can vary by sector and region and may change over time, based on the capacity of private sector financial institutions, the relative competitiveness of U.S. exports, and the presence of foreign government-backed export credit financing, among many other variables.

EXIM's financial products are all available to support exports from businesses of all sizes. Exports with payment terms of up to one year typically benefit from EXIM financing through export credit insurance and working capital loan guarantees. Exports that require longer repayment periods due to their cost or nature tend to be financed through loan guarantees or direct loans to the buyers.

¹ 12 U.S.C. 635(b)(1)(B); 12 U.S.C. 635(c)(1).

Outreach and Engagement

Given statutory requirements for qualifying applications described above, EXIM seeks to increase the amount of its financing for statutorily identified constituencies, sectors, and geographic regions through increased outreach and engagement.² In order to achieve these objectives, EXIM works to build awareness among the business community and stakeholder organizations about how the agency's financing can support exports. By improving awareness, EXIM encourages more qualifying businesses to consider applying for its financing.

EXIM participates in exporter forums, webinars, trade shows, roundtables, and other outreach events to educate and advise small businesses on how to grow their businesses globally.

EXIM has started to work on enhancing its outreach efforts by restoring and boosting its field office staff. They are one of the agency's most important assets and serve as the agency's boots on the ground. They are able to engage in local business development events and leverage the agency's investments in digital marketing resources to better reach businesses looking to export their products overseas.

Next, EXIM has made significant investments in a digital media strategy and automated marketing tools that will enhance the agency's reach to new businesses who might be unaware of EXIM or its services. At the same time, EXIM has invested in customer relationship management systems that will improve EXIM's ability to help more businesses through the customer journey.

In addition to a robust and well-funded digital media strategy, EXIM is developing targeted webinars, materials, and promotional support designed to more effectively reach and educate businesses about how EXIM can support their export of goods and services.

EXIM has also been working to strengthen its private sector partnerships, which serve as multipliers and help expand awareness to more U.S. businesses. Currently, there are 54 private sector lenders actively participating in EXIM's delegated authority program for working capital loan guarantees. These lenders are familiar with EXIM programs and processes as well as the regional business community and can assist local companies in securing the EXIM-backed

² E.g., small businesses, women-owned businesses, minority-owned businesses, veteran-owned businesses, businesses owned by persons with disabilities, businesses in rural areas, and start-up businesses (12 U.S.C. 635(b)(1)(E)(i)(I)); rural companies (12 U.S.C. 635(b)(1)(I)); socially and economically disadvantaged small businesses, women-owned small businesses (12 U.S.C. 635a(i)(1)); agricultural exports (12 U.S.C. 635(b)(1)(B)); exports related to renewable energy, energy efficiency, and energy storage (12 U.S.C. 635(b)(1)(K)); environmentally beneficial exports (12 U.S.C. 635i- 5(b)(1)); exports in various sectors identified under the China and Transformational Exports Program (12 U.S.C. 635(l)(1)(B)); and exports to sub-Saharan Africa (12 U.S.C. 635(b)(9)(A)).

financing they need to export their goods and services. EXIM has registered 110 insurance brokerage firms that can help more businesses learn and access EXIM's export credit insurance. EXIM now has 57 state, county, and local nonprofit economic development entities participating in its Regional Export Promotion Program, which taps into the local market knowledge of entities to expand education and outreach efforts.

Four specific organizations dedicated to engagement with minority-owned businesses are members of the Program:

- California Asian Pacific Chamber of Commerce (California)
- Chicago Minority Business Development Council (Illinois)
- Miami Minority Business Development Agency Export Center (Florida)
- MBDA Business Center San Antonio (Texas)

Local partnerships have been among EXIM's most successful and cost-effective ways to engage businesses that are export-ready but lack access to affordable financing solutions.

Minority- and Women-Owned Businesses

In addition to these general outreach efforts, EXIM has a dedicated group of specialists who work with minority- and women-owned businesses (MWOBs) to help them access EXIM financing. The MWOB group seeks to engage minority- and women-owned businesses that are interested in exporting their goods and services, educate them regarding the availability of EXIM financing, and increase the total amount of financing to support exports from these businesses.³ EXIM has established long-standing partnerships with organizations that have a minority trade focus and are dedicated to working with the agency to educate and raise awareness about its opportunities for exporters. Some of these organizations include:

- Minority Business Development Agency
- National Association of Women Business Owners
- National Center for American Indian Enterprise Development
- National Minority Supplier Development Council
- Organization of Women in International Trade
- U.S. Black Chambers Inc.
- U.S. Hispanic Chamber of Commerce

³ *The Export-Import Bank Reauthorization Act of 2006*, P.L. 109-438, § 14, 12 U.S.C. 635a(i)(1), (2006).

- U.S. Pan Asian American Chamber of Commerce
- Women Business Enterprise National Council

EXIM welcomes congressional input on other potential partnerships that will help expand outreach to minority- and women-owned businesses looking to export.

The MWOB team also travels throughout the country to collaborate with its partners by hosting export seminars, participating in trade shows, and organizing workshops focused on trade finance and global business development. In FY 2020, EXIM staff participated in 130 outreach and education events across the country engaging minority- and women-owned businesses.

In FY 2020, EXIM approved \$335.4 million in support of MWOB businesses.

Racial and Ethnic Data

As requested, EXIM is providing disaggregated data regarding its contracts, partnerships, and financing, to the extent such information is available to the agency.

In recognition of the need to better evaluate the effectiveness of EXIM's outreach and engagement efforts to individual historically underserved communities, the agency is revising its export credit insurance applications to allow for voluntary self-identification of race and ethnicity and updating its reporting systems to track such information. EXIM is working to finalize its revised application forms by the beginning of FY 2022. Until these revisions are completed, EXIM lacks the technical capability to track race and ethnicity systematically in its financing.

Additionally, EXIM is working with the Department of Commerce's Minority Business Development Agency to facilitate greater information sharing that can help support this identification effort. Both agencies signed a Memorandum of Understanding in August 2020 to enhance data sharing, with implementation expected in June 2021.

Authorizations Disaggregated by Minority- and Women-Owned Businesses (FY 2020)

| Product | Classification | Attributed Transactions | Total Authorizations | Attributed Amount |
|------------------------|------------------------------|-------------------------|------------------------|------------------------|
| Loan | Minority-Owned | - | - | - |
| | Women-Owned | - | - | - |
| | Minority- and Women-Owned | - | - | - |
| | Other/Not Indicated | - | 9,453,000 | - |
| | Loan Total | | 1 | \$9,453,000 |
| Guarantee | Minority-Owned | - | - | - |
| | Women-Owned | - | - | - |
| | Minority- and Women-Owned | 2 | 3,847,000 | 970,000 |
| | Other/Not Indicated | 61 | 1,418,627,000 | - |
| | Guarantee Total | | 63 | \$1,422,474,000 |
| Insurance | Minority-Owned | 220 | 122,995,000 | 122,595,000 |
| | Women-Owned | 132 | 73,119,000 | 73,119,000 |
| | Minority- and Women-Owned | 103 | 59,047,000 | 59,047,000 |
| | Other/Not Indicated | 1,423 | 2,250,763,000 | - |
| | Insurance Total | | 1,878 | \$2,505,924,000 |
| Working Capital | Minority-Owned | 18 | 57,510,000 | 57,510,000 |
| | Women-Owned | 6 | 16,650,000 | 16,650,000 |
| | Minority- and Women-Owned | 4 | 5,535,000 | 5,535,000 |
| | Other/Not Indicated | 103 | 1,377,657,000 | - |
| | Working Capital Total | | 131 | \$1,457,352,000 |
| TOTAL | | 2,073 | \$5,395,204,000 | \$335,426,000 |

Note: Amounts are rounded to thousands. Attributed Transactions include authorizations with at least one known minority- or women-owned exporter or supplier. Attributed Amount reflects the prorated amount of the transaction based on the goods and services to be provided by minority- and women-owned businesses.

Procurement

EXIM adheres to the Federal Acquisition Regulation (FAR) in its procurement of government services. The FAR does not collect information regarding the race or ethnicity of service providers. This report includes disaggregated data regarding the makeup of awardees under EXIM's procurement commitments for FY 2020, consistent with data available through the federal government's procurement system.

Federal Procurement Commitments (FY 2020)

| Type | Number | Amount (rounded to thousands) |
|---|--------|-------------------------------|
| Small Business | 58 | \$9,420,000 |
| Women-Owned | 15 | \$1,738,000 |
| Small Disadvantaged | 18 | \$996,000 |
| 8(a) Business | 1 | (\$513,000) |
| Veteran-Owned | 9 | \$516,000 |
| Service-Disabled Veteran-Owned | 7 | \$472,000 |
| Certified HUBZone Small Business | 1 | \$5,000 |
| Other | 20 | \$2,102,000 |
| TOTAL | 129 | \$14,736,000 |

Note: A negative number refers to a contract de-obligated from a previous fiscal year.