



E.O. 13985 Advancing Racial Equity and Support for Underserved Communities Through the Federal Government

EXIM Equity Action Plan

January 24, 2022

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Section 1. Executive Summary

The Export-Import Bank of the United States (EXIM or the Bank) is the official export credit agency of the United States. EXIM is an independent, self-sustaining federal agency that exists to support American jobs by facilitating the export of U.S. goods and services. This self-assessment outlines EXIM's status, progress, and planned initiatives to foster diversity, equity, inclusivity, and accessibility in the workplace.

Responsibility for workplace culture resides with the Equal Employment Office and the Office of Human Capital. Those offices house the programs that affect our internal stakeholders on a regular basis. EXIM's focus during the coming months will be to fully embrace the spirit of Executive Order 13985 and expand our Equity values throughout the agency. Starting with leadership, everyone in the agency will be made aware of these values in order to apply these practices throughout all EXIM programs.

To achieve our goals, we have taken a comprehensive look at where we stand as an agency, and where we need to go and what is needed to get there. While the resources needed to realize our promise may not always be available, our intent must be. The underserved communities and underrepresented populations are a vital part of the nation and equally deserving of the best efforts of our federal government, whether as customers of federal outreach programs or employees of an agency.

EXIM has taken an in-depth look into programs that reach the American public. The information in this report is a look at our strengths and weaknesses relating to Equity. Where possible, we have already adjusted. Where there are obstacles, we will do our best to eliminate or minimize them. This assessment presents an opportunity to learn from our mistakes and listen to voices previously unheard. As an agency we look forward to technical assistance from OMB in order to fully utilize the diversity of this Nation and become a higher performing organization.

Primary Point of Contact

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Executive Order 13985 **Advancing Racial Equity and Support for Underserved Communities Through the Federal Government**, was the first executive order signed by President Biden on January 20, 2021. EXIM approached the actions required by this executive order with a cross-cutting team representing programs across the entire agency.

Section 2. Summary of Early Accomplishments

Working Capital Guarantee Program (WCGP)

The Minority and Women-Owned Business Division (MWOB) collaborated with internal staff on a mass update to EXIM’s Export Credit Insurance and Working Capital Loan Guarantee applications to facilitate an enhanced approach to diversity, equity and inclusion in the data-capturing of underserved businesses; the updated application proposal is currently with OMB for approval, with an anticipated decision date by calendar-year end 2021.

Office of Board Authorized Finance (OBAF)

EXIM’s Office of Board Authorized Finance (OBAF or the Office) worked with the Insights and Data Solutions Division to obtain information on OBAF’s domestic participant data and collaborated with the MWOB Division of the Office of Small Business on a mass update to some participant data and on efforts to increase Equity data capturing. OBAF also worked with subject matter experts in the Office of the Chief Financial Officer (OCFO) to help develop optimized measurements and metrics for this effort.

Procurement

While there is every intention to improve our current level of underserved community awards, EXIM Procurement has already achieved 57.9% for FY2021. Congressionally mandated goals are 23%, and EXIM procurement consistently exceeds that goal.

EXIM Small Business and Statutory SBA Prime Contract Awards (FY2021)	SBA Statutory Goals for Federal Executive Agencies	
57.8791%	23%	prime contracts for small businesses (SBCs)
16.4337%	5%	prime and subcontracts for women-owned small businesses (WOSBs)
30.4576%	5%	prime and subcontracts for small, disadvantaged businesses (inclusive of 8(a)) (SDBs)
2.4482%	3%	prime and subcontracts for service-disabled veteran-owned small businesses (SDVOSB)
3.9116%	3%	prime and subcontracts for HUBZone certified small businesses (HUBZone SBCs)

Section 3. Equity Action Plan

1. Export Credit Insurance (ECI)

ECI is responsible for the Bank's exporter short term multi-buyer and single-buyer insurance products for insured parties (exporters and financial institutions). These products protect an insured from losses resulting from the granting of trade credits (trade credit is a business transaction whereby credit is offered by product vendors or service providers to their customers as an alternative to pre-payment or cash in advance terms). The covered losses would be credit risks an exporter undertakes with a foreign buyer such as buyer default (non-payment on agreed upon terms), insolvency, bankruptcy, or political risks (currency controls, political unrest, and /or expropriation) and various other risks. ECI insurance products offer an exporter credit protection and comfort to (i) sell products and services on extended credit terms, (ii) combat foreign competition, (iii) provide an effective marketing tool to increase the exporter's customer base, (iv) enable the financing of the trade credit receivables generated by the export sale.

Approximately 26% of ECI's small business customers have been identified as minority and women-owned businesses. This figure does not include all types of entities that could be classified as underserved businesses noted in the E.O. 13985, as our insurance applications provide a "Decline to Answer" option for those applicants who do not wish to reveal their status. As such, there may be an underreporting of our support for some underserved business groups.

EXIM currently actively engages with business communities that have been historically and traditionally underserved socially and economically to promote the benefits of EXIM programs in increasing their export business.

1.1 Barrier to Equitable Outcome(s)

The barrier we are trying to address is the lack of underserved businesses utilizing and qualifying for ECI programs, which we presume is attributed to challenges traditionally faced by the aforementioned business communities. These barriers include challenges such as cash flow issues, investment and business opportunities, and general awareness of EXIM financing due to insufficient or inaccessible business networks. We believe that ECI's current exporter qualification credit standards and/or its standard underwriting parameters could potentially contribute to this barrier. EXIM will need to assess the qualification standards against the specific barriers identified by underserved businesses to determine how best to assist these companies.

According to the Small Business Administration (SBA), approximately 29% of small businesses in the United States are minority-owned, however, only 9% of exporting small businesses are minority-owned (Dun & Bradstreet- Hoovers). The gap between these two figures along with significant outreach already being conducted over the years to raise awareness among these groups would indicate that there is potential for increased opportunities for underserved businesses to export with EXIM assistance.

1.2 Action and Intended Impact on Barrier

Some of the actions the agency will take to eliminate/reduce the barrier in addition to continued outreach and education initiatives include the following:

- Conduct a survey of underserved business owners to gain their perspective on what they believe the barriers to using EXIM products may be. EXIM can then see how we can better adapt our training and programs to address these challenges. This will include a review and assessment of the current short term qualification credit standards to see if there are waivers or other ways to increase the ability of underserved businesses to qualify for EXIM financing.
- Invite underserved businesses to a forum so EXIM and participants can learn from an open discussion of the obstacles in furthering their export initiatives and conversely, what best practices they use to develop and maintain their export business. EXIM staff would be available to address ECI insurance matters.
- Designate a loan officer in ECI whose sole focus is to field application questions and coordinate with underserved businesses to address complex insurance coverage questions or situations which may arise due to their business model and/or financial make-up. This could help determine if certain businesses, which may not appear to meet EXIM's credit standards, could ultimately be eligible for EXIM support. This would require a budget to support an additional FTE.

The above actions relate to the need to better understanding of the unique needs and/or challenges faced by underserved businesses. These actions best respond to the barrier EXIM is trying to overcome.

1.3 Tracking Progress

Progress will be tracked by regularly documenting engagement with underserved businesses, along with documentation and recording of the findings from the actions listed above (survey activity, forums). All gathered data will then be disseminated to relevant staff for further review to be certain that such actions are being implemented, and that information gleaned from such activity has been addressed appropriately by staff.

A measure of success is at least a 20% increase in the number of underserved businesses in our portfolio.

1.4 Accountability

ECI will work with MWOB and the Outreach & Education group in the Office of Small Business and present a report to the Small Business Committee on the implementation of the initiative and its findings on a biannual basis to showcase what has been done to fulfill the above requirements. In addition to identifying how the activities can be added to current and new staff's performance goals and other initiatives outlined in the Equity Action Plan Project.

2. Office of Board Authorized Finance (OBAF)

OBAF is primarily responsible for the underwriting of Medium-Term and Long-Term transactions supported by three different financing products. OBAF is also responsible for business development, engineering and technical evaluation of the projects under consideration, disbursement of approved transactions, and management and reporting on the Bank's loan, guarantee, and insurance portfolio. This ensures comprehensive management of EXIM transactions throughout the entire transaction life cycle.

OBAF is responsible for the following products:

- Direct Loan: A direct loan is a loan in which EXIM Bank itself is the lender (rather than a commercial bank). Direct loans are always denominated in U.S. dollars and carry a fixed rate of interest. The repayment term of a direct loan is almost always long-term, although on rare occasions EXIM Bank will make a medium-term direct loan.
- Guaranteed Loan: A guaranteed loan is a loan made by a commercial bank, which EXIM Bank guarantees. Guaranteed loans can be denominated in U.S. dollars or other currencies and carry either a fixed or floating rate of interest. The repayment term of a guaranteed loan can be either medium-term or long-term.
- Insurance: EXIM Bank issues insurance policies to exporters and commercial lenders to insure against the risk of non-payment by a foreign counterparty. An insurance policy can cover one export sale or multiple export sales and can be short-term or medium-term. Similar to any insurance product, the insurance policy is conditioned upon performance of the insured party (e.g., payment of premium, reporting of shipments, compliance with other conditions of the insurance policy etc.).

2.1 Barrier to Equitable Outcome(s)

EXIM does not compete with private sector lenders but provides export financing products that fill gaps in trade financing. The Bank assumes credit and country risks that the private sector is unable or unwilling to accept. EXIM also helps level the playing field for U.S. exporters by matching the financing that other governments provide to their exporters.

However, there can be challenges for smaller/MWOB owned companies looking to export. Many private sector lenders do not have trade finance expertise, and those that do often find that smaller transactions are not sufficiently profitable given the underwriting and servicing requirements. Some struggle to "afford" the capital requirements for foreign transactions. As a result, many small/MWOB owned businesses do not have the support they need relative to financing export finance transactions. This is supported by a review of participant demographic data from existing OBAF transactions, which shows low rates of MWOB owned businesses as transaction participants and a related opportunity to grow involvement of MWOB owned businesses in OBAF products.

2.2 Action and Intended Impact on Barrier

EXIM, as noted above, does not compete with the private sector. This means that each application EXIM decisions must present a strong case for why EXIM financing is needed. EXIM is also demand driven, meaning EXIM only can support transactions where financing is essential to the export going forward. Finally, EXIM is expressly prohibited from favoring any export sector over another. As such, a more

traditional “sales” outreach model to grow the Bank’s book of business is more challenging for OBAF products. Nevertheless, as noted in this document, EXIM has focused on outreach to small/MWOB owned businesses for years and has significant headcount dedicated to this purpose. However, this outreach tends to focus more on EXIM’s short-term product offerings, rather than OBAF’s medium and long-term products. OBAF believes there are opportunities to grow affinity group involvement in its lines of business, and the first step to achieving that goal is to try to increase knowledge of EXIM, OBAF, and OBAF’s products.

To try to address this potential awareness gap, OBAF will look to identify appropriate affinity group multipliers/conduits and develop plans to engage with these groups. These multipliers/conduits could include such groups as Black and/or Hispanic and/or Minority Focused Chambers of Commerce and/or Business Associations or Councils, etc. As part of that outreach, OBAF will encourage affinity group participants on applications to self-identify to improve EXIM’s data collection efforts. OBAF will also undertake a review of its internal policies to ensure they support Equity efforts. OBAF will also take advantage of opportunities to collaborate with its aforementioned internal colleagues who focus on affinity group outreach to try to increase external awareness of OBAF product offerings. In addition, OBAF will work with other internal colleagues who are responsible for international business development to try to influence content that can increase knowledge of OBAF products and to appropriately manage any underserved customer leads. OBAF believes these approaches are the most direct means to try to ultimately increase awareness of, and then, affinity group involvement in, OBAF transactions.

2.3 Tracking Program

To evaluate progress with these efforts, OBAF will track its success in identifying affinity group multipliers/conduits. OBAF will also monitor the development of engagement plans with those groups. In addition, OBAF will evaluate the number of its internal policies that have been reviewed to ensure consistency with Equity efforts. Finally, OBAF will continue to analyze its Medium and Long-Term domestic participant data with the overarching goal of seeing more MWOB owned companies involved in these transactions.

2.4 Accountability

OBAF management will assess activities supporting the actions noted above in the appropriate staff performance plans. OBAF will also support the efforts noted elsewhere in this document to align the Bank’s Strategic Plan with the agency’s Equity priorities.

3. Procurement

3.1 Barrier to Equitable Outcome(s)

In the area of procurement, EXIM, where possible, makes efforts to achieve the SBA statutory goals for procurement actions. While these efforts cover all Small Businesses, we plan to focus on finding vendors from specific communities, including service-disabled veteran owned and HUBZone businesses. Where there are obstacles, we will do our best to eliminate or minimize them.

Outreach to these communities and identification of certain EO 13985 communities are the main barriers we face.

Program(s), polic(ies), or regulation(s) that contributes to this barrier:

- o Identification of certain Communities: Without clear definition or ability to register as certain communities (for example religious minorities and LGBTQI+, persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality) or be measured as part of these communities because some EO 13985 definitions are not identifiable by SAM.gov
- o EXIM's current agency operational model is not currently structured to provide traditional expanded small and disadvantaged business utilization outreach. Therefore, there is a lack of visibility of strategic forecasting activities to small and disadvantaged vendors.
- o Lack of visibility of agency strategic forecasting activities, changes in guidance such as EOs, competing priorities with shortfall of staff, and new mandates such as COVID contract modifications consumes limited resources restricting better outreach.

Populations most impacted by this barrier:

- o Contracting Officers with limited bandwidth to perform additional strategic activities outside of core operational duties.
- o Small businesses in underserved areas and communities need more information and time to prepare and to respond to competitive proposals.
- o Communities not identifiable in SAM (religious minorities and LGBTQI+, persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality).

Evidence indicating that this barrier meaningfully impacts full and equal participation:

In FY2021, EXIM's Small Business contract awards were 57.9% of total awards, an outstanding percentage well above the 23% goal. EXIM did not meet the 3% subordinate goal for service-disabled veteran-owned small businesses (SDVOSB) and just slightly exceeded the HUBZone subordinate certified 3% goal.

3.2 Action and Intended Impact on Barrier

Actions the agency will take to eliminate/reduce the barrier:

- o Improve outreach through EXIM website and other avenues.
- o Collaborate with Small Business Administration (SBA) to leverage small business outreach capabilities, focusing on improving SDVOSB and HUBZone categories.
- o The procurement team will collaborate with program offices to develop estimated procurement spend plans so that EXIM can publish procurement forecasts.

- o Provide small and socio-economically disadvantaged businesses with earlier information on EXIM contracting needs.
- o Provide small, disadvantaged vendors more time and guidance to prepare and present competitive proposals.
- o Address the operational barriers described above, including an assessment of the contracting services organizational structure to create a plan that identifies proper levels of staffing to handle capacity; collaborating with program offices on their projected procurement spending plans; and supporting Program Offices to meet Procurement Action Leading Times (PALTs) goals.

Reasoning/basis to prioritize these actions:

- o These actions are achievable in the short term and in line with Agency and Federal guidelines
- o Some of the barriers and actions described in other sections of this plan will help the Office of Procurement address the barriers of outreach and identification of competitive vendors.

Indicate how the actions are expected to result in reducing or eliminating the barrier to equitable outcomes. If not identified above, please indicate what evidence supports this connection:

- o Vendors will know type and magnitude of services needed by EXIM.
- o Supporting program offices to meet PALT goals and to develop procurement spend plans will allow Procurement to provide small businesses with more information and time to prepare their proposals. Big companies have resources available for this purpose, small businesses sometimes struggle.
- o The small business set aside process is often more labor intensive for Contracting Officers to coordinate. For example, when a Program Office did not perform timely market research, has poorly defined requirements, an imperative need, or late documentation and funding approval, there is little or no time for effective outreach, assistance, or adequate time for small businesses to respond.

3.3 Tracking Program

These categories are tracked by FPDS. This is the mandated reporting system for Federal Procurements and uses the SAM categories to measure small and disadvantaged business actions.

3.4 Accountability

Success measures will be in the continual effort to achieve and exceed SBA Statutory Goals as they are today and as they may shift (with added categories) in coming years. EXIM will target an increased percentage achievement to 58.5% while meeting or exceeding all SBA socioeconomic sub-category goals. EXIM will increase SDVOSD amount by 23% to result in 3% overall minimum of total contracts, at the same time maintaining at or above the minimum level of SBA categories.

4. Data

Complete and accurate “demographic” and Equity related data is essential for federal agencies to identify, measure, and address inequities in external facing federally funded programs and services. The success of each initiative outlined in section #3 will hinge on the agency’s ability to leverage the data and develop or tailor its product/service offerings to underserved groups.

Below we consolidate and restate some of the major themes and challenges mentioned throughout the program office submissions above, then detail the enterprise-wide approaches the agency will utilize to improve its identification and support external facing programs for underserved populations.

4.1 Barrier to Equitable Outcome(s)

EXIM currently captures external customer demographic related information in broad high-level categories including Woman Owned, Minority Owned, Veteran Owned, Disability Owned etc. However, the usefulness is limited and imprecise since EXIM designates such disclosures as voluntary. Applicants have three (3) possible answers to select from (Yes, No, or Decline to Answer).

Most EXIM loan, guarantee, and insurance application forms do not include a statement on why EXIM is requesting demographic information nor how it is going to be used. This likely leads many external customers to select “Decline to Answer” for fear of being subject to adverse treatment/financial terms or denial of their application in the underwriting process.

EXIM does not collect sexual orientation nor gender identity information on our external customers and currently no uniform standards exist for such data collection across federal agencies. Efforts to identify and reach such communities will be unsuccessful without clear federal definitions, standards, and authority to collect this information.

These issues likely result in underreporting of EXIM’s contract and financial assistance program support within the target populations.

4.2 Action and Intended Impact on Barrier

Demographic data captured through self-identification is a valuable source of information that not only helps to establish EXIM’s current level of equity-centric support but are also key elements that can help to identify, mitigate, or eliminate gaps and weaknesses in EXIM’s marketing efforts and within our external facing contract and financial assistance programs. We believe that the actions below will lead to measurable improvement in our success in reaching and supporting more individuals and businesses in target populations.

To advance EXIM’s plans, there are a variety of actions outlined throughout this report that the agency is committed to; including, but not limited to:

- a. Consulting with other agencies to share applicant/external customer demographic data to the extent permitted by law.

- b. Reviewing existing policies and programs and/or proposing regulatory or legislative changes to eliminate or minimize barriers to participation in EXIM programs among underserved groups.
- c. Improving outreach efforts, expanding on, and refining EXIM's measurements and metrics on equity data with the goal of developing targeted product and service offerings for underserved groups.

Finally, EXIM is of the opinion that if the federal government were to mandate collection of the subject demographic data from recipients of federal financial assistance, grants, and contract programs, only allow affirmative responses (i.e., excluding responses such as "Decline to Answer"), and disclose what information can be used for, it would likely have an immediate and effective impact on agencies efforts to benchmark and improve their level of support for underserved populations.

4.3 Tracking Program

EXIM will start to measure and improve external customer-based equity in key areas. One way we will do so includes coordinating between necessary EXIM offices to identify the appropriate Equity data to publish to dashboards that could be automated for continuous monitoring, analysis, and refocusing of our efforts to increase deal/authorization activity among the targeted populations.

4.4 Accountability

EXIM will assess activities supporting the actions noted above to align the Bank's Strategic Plan with the agency's priorities on Equity.

To facilitate our efforts EXIM will consider the re-implementation of a Data Governance Office to establish agency wide Equity and demographic data collection and reporting strategies. This would require a budget commensurate with the necessary technology and staff to manage such an office.