



Evaluation of EXIM's Sub-Saharan Africa Mandate



OIG-EV-24-01
May 13, 2024

Office of Inspector General
Export-Import Bank of the United States



MEMORANDUM

To: James Burrows
Senior Vice President/Acting Chief Banking Officer

From: Michael T. Ryan
Assistant Inspector General for Special Reviews and Communications

Subject: EXIM's Sub-Saharan Africa Mandate (Report No. OIG-EV-24-01)

Date: May 13, 2024

This final report presents the results of our evaluation of EXIM's Sub-Saharan Africa Mandate. The objectives were to 1) measure EXIM's performance and efforts to promote the expansion of its financial commitments in sub-Saharan Africa; 2) evaluate the impact of EXIM's programs and policies on increasing the export of U.S. goods and services to sub-Saharan Africa and strengthening U.S. jobs; and 3) evaluate the effect of EXIM's programs and policies on job creation in sub-Saharan Africa. The evaluation covers the period from FY 2014 through FY 2023.

This report contains nine recommendations. We note that EXIM's management response does not fully cite certain recommendation language; however, we consider management's proposed actions to be responsive. The recommendations will be closed upon completion and verification of the proposed actions.

We appreciate the cooperation and courtesies provided to this office throughout this review. If you have questions, please contact me at 202-565-3963 or at michael.ryan@exim.gov.



**Office of Inspector General
Export-Import Bank of the United States**

OIG-EV-24-01

What OIG Evaluated

The Office of Inspector General (OIG) evaluated the Export-Import Bank of the United States' (EXIM) Sub-Saharan Africa Mandate. The objectives of this engagement were to: 1) measure EXIM's performance and efforts to promote the expansion of its financial commitments in sub-Saharan Africa; 2) evaluate the impact of EXIM's programs and policies on increasing the export of U.S. goods and services to sub-Saharan Africa and strengthening U.S. jobs; and 3) evaluate the effect of EXIM's programs and policies on job creation in sub-Saharan Africa. Under a contract overseen by OIG, Ernst & Young LLP (EY) conducted quantitative analysis, document review, and interviews for OIG's evaluation of the Sub-Saharan Africa Mandate.

What OIG Recommends

Based on the evaluation, OIG issued nine recommendations to enhance EXIM's efforts and performance in the sub-Saharan Africa region. In its comments on the draft report, EXIM concurred with eight recommendations and conditionally concurred with one. OIG considers all nine recommendations resolved. EXIM's response to each recommendation, and OIG's reply, can be found in the [Recommendations](#) section of this report. EXIM's formal response is reprinted in its entirety in [Appendix C](#).

EXECUTIVE SUMMARY

Evaluation of EXIM's Sub-Saharan Africa Mandate

What OIG Found

The evaluation found that EXIM had not successfully expanded its performance to achieve its Sub-Saharan Africa Mandate. Over the evaluation period, EXIM authorizations and supported trade declined with limited exceptions. EXIM experienced a lapse in statutory authority and a quorum of its Board of Directors (Board) from July 2015 to May 2019, which negatively impacted EXIM's efforts and performance in sub-Saharan Africa. Although EXIM regained a Board quorum in May 2019, EXIM's performance in sub-Saharan Africa has not fully recovered to pre-lapse levels.

The evaluation found that multiple EXIM offices and officials have taken initiatives related to sub-Saharan Africa, but no specific program or office within EXIM has been explicitly designated with the responsibility and authority to coordinate the efforts or oversee the strategy to address the Sub-Saharan Africa Mandate. While Congress established the Sub-Saharan Africa Advisory Committee to provide guidance and recommendations, EXIM has not formally established a specific division or office to implement or monitor those recommendations.

The evaluation found that EXIM programs and policies in sub-Saharan Africa had a small positive impact on employment in the United States. However, the evaluation also found that EXIM's programs and policies in sub-Saharan Africa were not a key driving force in the growth of U.S. exports to the region during this period. The volume of EXIM-supported trade, i.e., EXIM's disbursements and shipments, did not account for a significant portion of total U.S. exports to sub-Saharan Africa from FY 2020 to FY 2023. While EXIM sub-Saharan Africa authorizations make up a larger portion of total global authorizations, these authorization amounts primarily consist of a few large transactions. Since disbursements and shipments typically lag behind their respective authorizations by several years, it could take several years for EXIM sub-Saharan Africa authorizations to translate into exports and job growth.

Finally, the evaluation found that EXIM's programs and policies had no impact on employment in sub-Saharan Africa.

CONTENTS

EXECUTIVE SUMMARY i

CONTENTS 4

OBJECTIVE 5

BACKGROUND 6

 About EXIM..... 6

 About the Sub-Saharan Africa Mandate 9

FINDINGS..... 12

 Finding 1. EXIM Did Not Successfully Expand its Performance to Achieve its Sub-Saharan Africa Mandate During the Evaluation Period 12

 Finding 2: EXIM’s Programs and Policies in Sub-Saharan Africa Were Not a Key Driving Force in the Growth of U.S. Exports to the Region..... 17

 Finding 3: EXIM’s Sub-Saharan Africa Programs and Policies Had a Small Positive Impact on Employment in the United States. 24

 Finding 4: EXIM-Supported Trade Did Not Impact Employment in Sub-Saharan Africa During the Evaluation Period..... 26

RECOMMENDATIONS 28

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY..... 31

 Objectives and Scope 31

 Methodology..... 32

 Caveats and Limitations 37

APPENDIX B: ABBREVIATIONS..... 38

APPENDIX C: MANAGEMENT RESPONSE 39

OBJECTIVE

The Office of Inspector General (OIG) evaluated the Export-Import Bank of the United States' (EXIM) performance and procedures to promote the expansion of EXIM's financial commitments in sub-Saharan Africa under its loan, guarantee, and insurance programs.¹ OIG's evaluation considered the results of quantitative analysis, document review, and interviews conducted by Ernst and Young LLP (EY). The EY methodology and activities are summarized in Appendix A.

The three main evaluation objectives were to:

1. Measure EXIM's performance and efforts to promote the expansion of its financial commitments in sub-Saharan Africa.
2. Evaluate the impact of EXIM's programs and policies on increasing the export of U.S. goods and services to sub-Saharan Africa and strengthening U.S. jobs.
3. Evaluate the effect of EXIM's programs and policies on job creation in sub-Saharan Africa.

The initial evaluation scope focused on activities occurring between October 1, 2020, and September 30, 2023. EXIM experienced a lapse in its statutory authority from July 2015 to December 2015 and a lapse in quorum of EXIM's Board of Directors (Board) from July 2015 to May 2019. Our initial findings showed that the three years after EXIM's lapse in authority did not provide sufficient data to conduct the analysis. Therefore, we expanded the scope of this evaluation to include data and EXIM activities from FY 2014 through FY 2023 to cover time before, during, and after the lapse.² For more information about how we conducted this evaluation including the empirical analysis that controlled for the lapse, COVID-19, and other factors, see Appendix A.

¹ See Charter Sec. 2(b)(9)(A), <https://img.exim.gov/s3fs-public/21-01-19-exim-bank-2019-charter-as-amended-final.pdf>, and 12 U.S.C. § 635(b)(9)(A).

² Initial findings suggested that the three-year period post-lapse was not sufficient to evaluate the impact of EXIM's activities, particularly as EXIM had just begun to recover from the lapse. Furthermore, the pause in activities from FY 2016 through FY 2019 provided a quasi-experimental quantitative framework for analysis using the lapse period as a "treatment." The inclusion of the period preceding the lapse also allowed the team to compare the level and trajectory of EXIM-supported activity from a "normal" period of time with activity post-lapse.

BACKGROUND

About EXIM

EXIM is a wholly owned government corporation, established in 1934 through an Executive Order and subsequently made an independent agency through congressional charter in 1945. As the official export credit agency (ECA) of the United States, EXIM's mission is to support American jobs by facilitating the export of U.S. goods and services through financing and insurance programs.

EXIM supports U.S. exports by providing export financing in cases where the private sector is unable or unwilling to provide financing or where such support is necessary for U.S. exporters to remain competitive.³ EXIM's Charter requires reasonable assurance of repayment for the transactions that EXIM authorizes and close monitoring of credit and other risks in its portfolio. In pursuit of its mission of supporting U.S. exports, EXIM offers four financial products: direct loans, loan guarantees, working capital guarantees, and export credit insurance, described in Table 1 below. EXIM's obligations carry the full faith and credit of the United States Government.

³ See Congressional Research Service – Export-Import Bank of the United States. Available at <https://crsreports.congress.gov/product/pdf/IF/IF10017>.

Table 1: Summary of EXIM Financing Programs

Program	Description
Loan Guarantee	The program allows U.S. companies to secure competitive financing from their lender in instances when it is otherwise unavailable due to political and commercial risks. EXIM provides a guarantee to the foreign company’s lender, and in the event of a payment default, EXIM will compensate the lender. EXIM typically provides an 85 percent guarantee with a 15 percent down payment from the buyer.
Direct Loan	Under EXIM’s direct loan program, the foreign buyer applies for a fixed-rate loan directly from EXIM. The direct loan program has no limit on transaction size and offers coverage for up to 85 percent of the eligible value of the contract.
Export Credit Insurance	U.S. companies purchase an insurance program through EXIM, covering short- and medium-term risk. The policy insures exporters against the risk of foreign buyer or other foreign debtor default for political or commercial reasons. EXIM’s export credit insurance covers up to 95 percent of the sales invoice for short-term insurance and 100 percent for medium-term.
Working Capital Guarantee	Under EXIM’s working capital guarantee program, EXIM provides a 90 percent guarantee to a U.S. company’s lender on secured short-term working capital loans. The working capital guarantee may be approved for a single loan or a revolving line of credit.

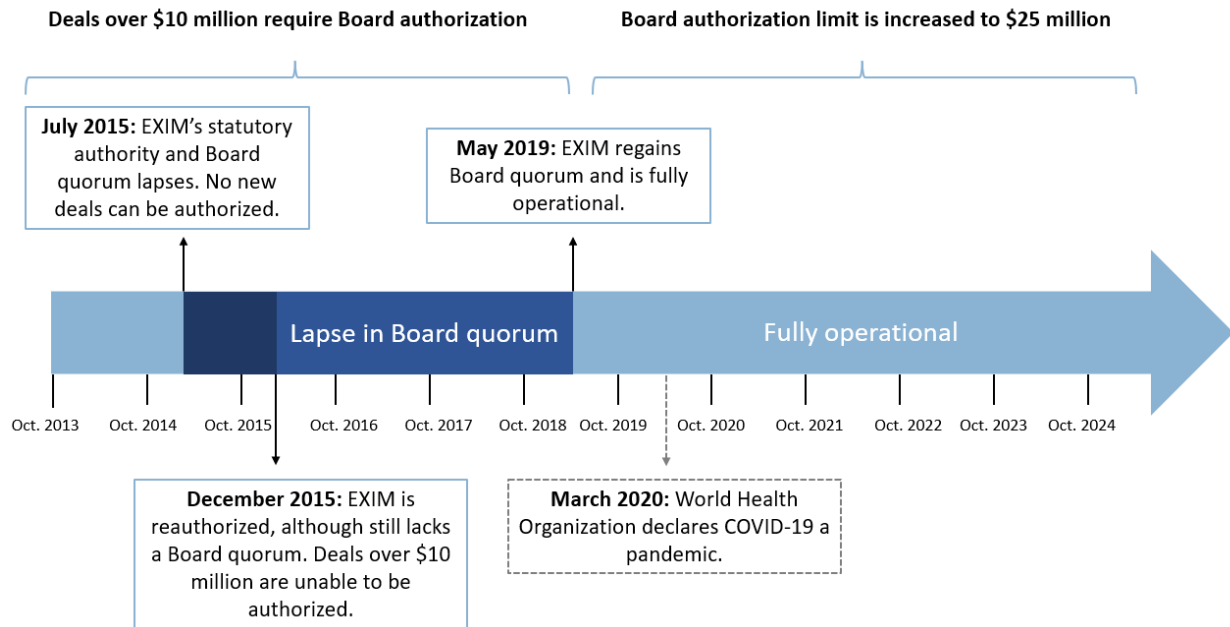
Source: EXIM Solutions, <https://www.exim.gov/solutions>.

Lapse in EXIM’s Statutory Authority and Board Quorum

EXIM’s statutory authority lapsed from July 1, 2015, to December 4, 2015; hence, no new transactions were executed for six months. During the lapse, EXIM maintained activities pertaining to existing transactions. In addition, from July 2015 to May 2019, a lack of a quorum on EXIM’s Board prevented the Bank from authorizing transactions in excess of \$10 million. EXIM regained a Board quorum in 2019. With the passage of the Further Consolidated Appropriations Act 2020 (Pub. L. No 116-94, Division I, Title IV (Dec. 20, 2019)), EXIM’s Charter was reauthorized through December 31, 2026.⁴ The period from July 2015 to May 2019 is referred to as the lapse henceforth. See Figure 1 for a summary of the timeline of EXIM authority over the period covered by our evaluation.

⁴ See Pub. L. No 116-94, Division I, Title IV (Dec. 20, 2019). Available at <https://www.congress.gov/116/plaws/publ94/PLAW-116publ94.pdf>.

Figure 1: Timeline of EXIM’s Authority and Lapse: FY 2014 – FY 2023



Source: Generated using information provided by EXIM.

Once EXIM’s Board quorum was re-established in May 2019, the \$10 million Board authorization limit was increased to \$25 million.⁵ Transactions below the threshold only require approval from EXIM’s upper management or directors, who are known as Individual Delegated Authorities (IDA).⁶

Throughout this report, the term “authorizations” means the approvals granted by EXIM, either through the Board or IDA, for specific transactions or activities, which may include loans, guarantees, or insurance programs provided by EXIM to support exports of U.S. goods and services. Once an application is submitted, the pre-authorization process begins with credit, technical, and environmental reviews. These reviews allow EXIM to perform due diligence and underwriting, where the underwriting and engineering (as needed) staff review credit and risk ratings, assess the feasibility of a project, and evaluate the project’s social and environmental impacts. According to internal documents provided by EXIM’s Office of Board Authorized Finance a transaction is *authorized* after successful completion of the reviews and approval from the IDA or the Board.

⁵ See Export-Import Bank: Overview and Reauthorization Issues. Available at <https://crsreports.congress.gov/product/pdf/R/R43581>.

⁶ Individual Delegated Authority (IDA) refers to approval rights granted to specific individuals within EXIM which is usually EXIM’s upper management or directors. This delegated authority allows these individuals to approve or make certain decisions on behalf of EXIM, particularly in relation to loans, guarantees, or insurance policies. IDA is a way of streamlining the decision-making processes, where such approval might otherwise involve a more extensive process or Board approval.

After authorization, the transaction goes through the documentation phase. In the documentation phase, the necessary paperwork for the export of goods and services is prepared and finalized.⁷ After the documentation phase is successfully completed, EXIM can disburse the funds or payments to the exporter or borrower. Disbursement is the release of funds or payments made by EXIM as part of its financing. Shipment is the physical movement of goods from the U.S. to the foreign destination as part of the export transaction.⁸ Throughout this report, disbursements and shipments are described as “EXIM-supported trade,” and includes all trade transactions facilitated and backed by EXIM. The EXIM process is summarized in Figure 2.

Figure 2: Summary of the Stages of the EXIM Process from Application to Disbursement and Shipment



Source: Generated using information provided by EXIM.

About the Sub-Saharan Africa Mandate

EXIM’s Board, in consultation with the Secretary of Commerce and the Trade Promotion Coordinating Committee, is required to “take prompt measures, consistent with the credit standards otherwise required by law, to promote the expansion of the Bank’s financial commitments in sub-Saharan Africa under the loan, guarantee, and insurance programs of the Bank.”⁹ EXIM’s Charter also directs the Board to establish an advisory committee to advise the Board on the “development and implementation of policies and programs” to further EXIM’s expansion in this region.¹⁰ In 1997, EXIM established the Sub-Saharan Africa Advisory Committee, which provides advice on policies and programs to enhance EXIM’s engagement in

⁷ See Applications & Forms. Available at <https://www.exim.gov/resources/applications-forms>. See EXIM Bank Policies. Available at <https://www.exim.gov/policies>. Export Import Documentations – About Export Import (EXIM) Documentation. Available at [Export Import Documentations - Online Coaching for Export-Import Business Mastery \(eximtutor.com\)](https://www.exim.gov/resources/export-import-documentations-online-coaching-for-export-import-business-mastery-exim-tutor-com).

⁸ According to EXIM officials, disbursement applies to transactions under the loan program and shipment applies to transactions under the insurance program.

⁹ See Charter Sec. 2(b)(9)(A).

¹⁰ See Charter Sec. 2(b)(9)(B)(i).

sub-Saharan Africa with a focus on increasing U.S. exports and jobs.¹¹ While EXIM’s Charter does not identify specific goals or target areas, the intent of the Sub-Saharan Africa Mandate is to expand EXIM’s portfolio across the region.

EXIM has provided financing to sub-Saharan Africa since the 1940s, with its first transaction taking place in 1942 in modern-day Angola.¹² EXIM defines sub-Saharan Africa to include 49 countries or all countries in Africa except Western Sahara, Morocco, Algeria, Tunisia, Libya, and Egypt (see Figure 3). From FY 2020 to FY 2023, EXIM had authorizations in 13 out of 49 countries and EXIM-supported trade in 32 countries.^{13,14} Between FY 2020 and FY 2023, EXIM supported \$1.9 billion in authorizations resulting in 293 transactions involving businesses within sub-Saharan Africa, accounting for 7.5 percent of EXIM’s total global authorizations. During the same period, EXIM-supported trade was \$441 million.

Figure 3: Map of Sub-Saharan Africa Countries



Source: Generated using information provided by EXIM.

¹¹ See EXIM Annual Management Report for the Year-Ended September 30, 2022, and September 30, 2021. Available at https://img.exim.gov/s3fs-public/reports/annual/2022/EXIM%20FY22%20AMR%20Final_SignOff_508_v27_FINAL.pdf.

¹² See Financial Support for Buyers in Sub-Saharan Africa. Available at <https://www.exim.gov/about/special-initiatives/africa>.

¹³ When the period is extended from FY 2014 to FY 2023, the authorizations increase to 21 countries, and disbursements and shipments extend to 39 countries.

¹⁴ The number of countries in which EXIM had authorizations can be fewer than countries with EXIM-supported trade because it may take multiple years for an authorized transaction to be disbursed or shipped. This means that disbursements and shipments, which took place between FY 2014 and FY 2023, may have been authorized prior to the time period and do not show up as an authorization in the dataset but do show up as shipment and disbursement.

All four financing programs provided by EXIM are available in the sub-Saharan Africa region. Loans and guarantees account for a smaller number of transactions with the largest share of total authorization dollar amounts. Conversely, insurance and working capital account for more transactions but are at much smaller authorization amounts. From FY 2020 to FY 2023, loan guarantees and direct loans accounted for 96 percent of total dollar amount of authorizations, despite only making up 10 percent of total authorized transactions. During the same period, insurance accounted for only 3 percent of the total dollar amount of authorizations but made 81 percent of total transactions. Over the same four-year period, loan guarantees accounted for the largest share of EXIM-supported trade (69 percent), and direct loans accounted for the smallest share at only two percent of total EXIM-supported trade. See Table 2 for additional details.

Table 2: Sub-Saharan Africa Authorizations, Transactions, EXIM-Supported Trade by Program (FY 2020-FY 2023)

	Total Authorization Amount (in millions of U.S. \$)	Total Authorized Transactions	Total EXIM-Supported Trade (in millions of U.S. \$)
Loan Guarantee	\$886	25	\$303
Direct Loan	\$917	4	\$8
Export Credit Insurance	\$58	238	\$130
Working Capital Guarantee	\$25	26	N/A
Total	\$1,886	293	\$441

Note: EXIM disbursement and shipment (i.e., EXIM-supported trade) totals are included by shipment and disbursement year. Working capital guarantee data is not available by shipment and disbursement year.

Source: Generated using information provided by EXIM.

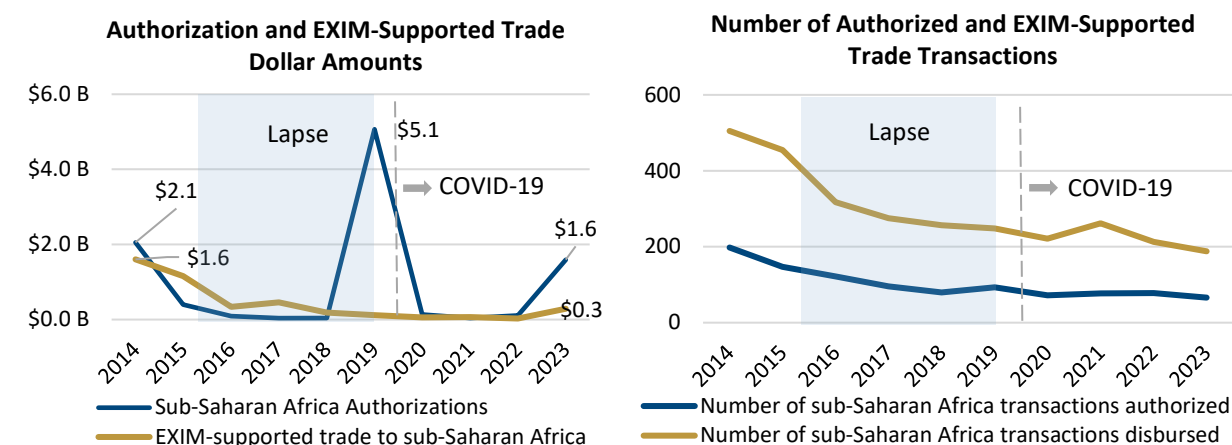
FINDINGS

Finding 1: EXIM Did Not Successfully Expand its Performance to Achieve its Sub-Saharan Africa Mandate During the Evaluation Period

The evaluation found that EXIM did not successfully expand its performance to achieve its Sub-Saharan Africa Mandate during the evaluation period (FY 2014 to FY 2023). EXIM’s Charter does not identify specific goals or target areas for meeting this mandate. However, under its Sub-Saharan Africa Mandate, EXIM is required to promote the expansion of EXIM’s financial commitments in sub-Saharan Africa.

Over the evaluation period, EXIM authorizations and EXIM-supported trade (i.e., financial commitments) declined with limited exceptions. From FY 2014 to FY 2017, total sub-Saharan Africa authorizations decreased from \$2.1 billion to an all-time low of \$38 million. Overall sub-Saharan Africa authorizations have remained under FY 2014 levels, except for two significant authorizations--a single direct loan of \$5 billion in Mozambique in 2019 and a single transaction of \$907 million in Angola in 2023.^{15,16} During the evaluation period, EXIM-supported trade, which includes disbursements and shipments, followed a similar decline as authorizations. From FY 2014 to FY 2022, EXIM-supported trade decreased from \$1.6 billion to \$28 million. EXIM-supported trade increased in FY 2023 to \$289 million but remained significantly below FY 2014 levels (see Figure 4 for details). The number of transactions has also declined during the period.

Figure 4: Total Sub-Saharan Africa Authorizations and EXIM-Supported Trade



Source: Generated using information provided by EXIM.

¹⁵ The Mozambique transaction was authorized at the end of FY 2019 and has not been disbursed. According to EXIM officials, the Mozambique transaction is currently under review and will require reauthorization from the Board. See EXIM Approves \$5 Billion to Finance U.S. Exports to Mozambique LNG Project. Available at <https://www.exim.gov/news/exim-approves-5-billion-finance-exports-mozambique-lng-project>.

¹⁶ EXIM has not disbursed the authorized direct loan to Angola.

During EXIM's review of a draft of this report, the agency notified OIG that the report contained inaccuracies.¹⁷ In an effort to ensure the quality of OIG's work product, OIG engaged EXIM in good faith to discuss the agency's concerns. During this process, EXIM officials told OIG that they wished to underscore the agency's outreach efforts related to sub-Saharan Africa and provided the following information regarding these efforts:

In early 2022, EXIM stood up the Office of Office of Global Business Development (GBD) with a mission to act as EXIM's global brand ambassadors to increase international awareness of EXIM.¹⁸ EXIM officials reported an increase in sub-Saharan Africa engagement through the number of memorandums of understanding (MOUs) signed in recent years. EXIM reported that from calendar year (CY) 2014 to CY 2018, the agency signed nine MOUs. From CY 2019 to CY 2023, EXIM also signed nine MOUs, with one additional MOU planned for 2024. These agreements involve six countries—Côte d'Ivoire, Angola, Senegal, Sudan, Tanzania, and Nigeria—and three regional financial institutions: Africa50, Africa Finance Corporation, and African Export-Import Bank. Furthermore, EXIM officials reported that activities and efforts in the region have increased over the last few years, as measured by a higher number of visits, meetings, and conference attendances.¹⁹

The evaluation found multiple factors that hindered EXIM from promoting the expansion of its financial commitments in sub-Saharan Africa. First, the lapse in statutory authority and Board quorum negatively impacted the amount of sub-Saharan Africa authorizations and EXIM-supported trade to sub-Saharan Africa (see Figure 4).²⁰ According to one exporter who uses EXIM's long-term programs, the lapse significantly impacted its business and provided an advantage to its European competitors in the sector. EXIM officials also stated that the lapse negatively impacted existing EXIM relationships with importers and exporters, causing significant losses in the project pipeline. EXIM officials stated that the confidence and trust in EXIM declined during and after the lapse, as the capacity to generate new transactions with EXIM was uncertain for a prolonged period of time. The impact of the lapse has extended into the post-lapse period and additional effort from EXIM is required to rebuild relationships with importers and exporters who may have been deterred by the lapse.

¹⁷ OIG provided EXIM an opportunity to provide factual edits to this report, as well as a formal management response. However, EXIM's technical comments requested that OIG consider additional agency actions. Additional documentation was necessary to include the information in this report.

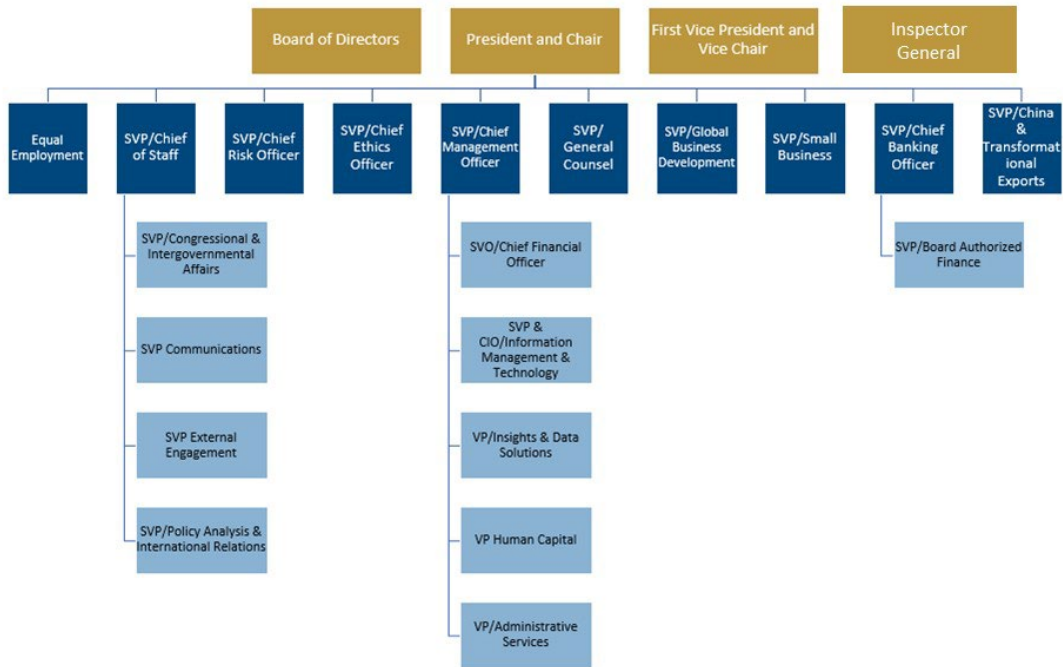
¹⁸ According to EXIM, the predecessor to GBD was made inactive in 2017. EXIM was not able to provide a specific date at the time of the issuance of the report.

¹⁹ Additional documentation was requested to support the inclusion of this information in this report; however, EXIM was not able to provide information as to the exact numbers of visits, meetings, and conference attendances at the time of the issuance of the report.

²⁰ The lapse impacted long-term and medium-term transactions. The majority of transactions authorized during the lapse period were related to short-term programs, such as insurance and working capital. The absence of a Board quorum meant that transactions in excess of \$10 million, typically attributed to medium and long-term transactions, could not be authorized.

Second, the evaluation found that there is no specific program or office within EXIM that oversees the Sub-Saharan Africa Mandate or tasked with overseeing the strategy on how to grow in the region. Figure 5 provides details on EXIM’s internal organizational structure.

Figure 5: EXIM Organizational Structure



Source: Adopted from 2023 EXIM Annual Report and revised to include Inspector General.

Congress mandated that EXIM’s Board establish the Sub-Saharan Africa Advisory Committee (SAAC) with the purpose of providing guidance and recommendations to EXIM’s Board on increasing financing efforts to support U.S. exports to sub-Saharan Africa.²¹ The committee consists of 11 members, appointed by the EXIM Board, who come from diverse backgrounds including banking, international trade, commerce, and finance. The committee convenes twice a year to submit written recommendations suggesting improvements for EXIM’s efforts in sub-Saharan Africa. The SAAC has issued multiple recommendations, which included several actionable recommendations for EXIM.²² However, these recommendations are not targeted to a specific office within EXIM. During the field research portion of this evaluation, the team interviewed officials of EXIM’s Office of Chief Risk Officer (OCRO), Office of Board Authorized Finance (OBAF), Office of Global Business Development (GBD), Office of the Chief Financial Officer (OCFO), and the Office of Small Business (OSB). While all these offices acknowledge the

²¹ See Fact Sheet: EXIM Sub-Saharan Africa Advisory Committee. Available at https://img.exim.gov/s3fs-public/general/MKG-FS-04_EXIM_sub-Saharan_Africa_Advisory_Committee_Fact_Sheet_21JUNE2019.pdf.

²² See the Sub-Saharan Africa Advisory Committee’s note from November 20, 2019. Available at https://img.exim.gov/s3fs-public/reports/exim-saac-prosper-africa-exim-final_2.12.20.pdf.

Sub-Saharan Africa Mandate, EXIM lacks a lead office or division with the explicit responsibility and authority to coordinate efforts across multiple offices and guide the mandate's implementation across all relevant offices. Notably, GBD plays a more central role, as its Senior Vice-President also serves as the Senior Advisor for Africa. According to an internal EXIM document, GBD is pursuing initiatives related to Africa, and it also works with EXIM's External Affairs on supporting the SAAC. Nonetheless, the evaluation found that there is a need for the formalization of the GBD's role or the establishment of a specific office or identification of specific officials to be responsible for sub-Saharan Africa to ensure the mandate receives the level of attention required by the Charter.

Third, EXIM does not have a detailed strategy that provides a vision and tactical path to expand EXIM activities to sub-Saharan Africa and grow U.S. exports to the region. The 2022 EXIM annual report states that EXIM re-established a strategy focused on sub-Saharan Africa that includes three key areas: outreach, partnerships, and financing.²³ The goal of the strategy is to increase interactions with American firms, African communities and entities, and diaspora communities to expand U.S. exports in the sub-Saharan Africa market.²⁴ While the strategy is a step in the right direction, specific details are critically missing from the public domain. The Sub-Saharan Africa Mandate is also not central in the EXIM Strategic Plan 2022 – 2026.²⁵ Based on publicly available information and data provided by EXIM during the field research, we could not identify the components of the sub-Saharan Africa strategy. The goals and performance indicators that EXIM has set in relation to this strategy are unclear. There is no clear indication of whether EXIM has established methods for measuring or tracking progress towards addressing the Sub-Saharan Africa Mandate. An internal EXIM document showed that EXIM's strategy for Africa is reflective of the wider GBD strategy and focuses on outreach, partnerships, and finance. This document indicated that the strategy includes a wide array of outreach tactics and strategic partnerships with outside entities. However, this strategy does not provide specific plans and metrics that focus on promoting the expansion of EXIM's financial commitments in sub-Saharan Africa. Based on the review of internal and external-facing EXIM documents, the evaluation found that EXIM's current strategy for sub-Saharan Africa has not been formalized and shared with a wider audience. The absence of a formal framework impedes GBD's ability to provide official guidance to other offices responsible for various components of the Sub-Saharan African Mandate.

²³ EXIM's 2022 Annual Report. Available at https://img.exim.gov/s3fs-public/reports/annual/2022/EXIM_2022_AnnualReport_R.pdf.

²⁴ A diaspora refers to a group of people who live outside the geographic area of their home country. The term is often used to describe a community that maintains strong sentimental and material links with their homeland.

²⁵ Strategic Plan FY 2022 – 2026. Export-Import Bank of the United States. Available at <https://www.exim.gov/leadership-governance/strategic-plans/strategic-plan-fy-2022-2026>.

The evaluation also determined that while EXIM, through OSB and GBD, regularly interacts with the Department of Commerce and the Trade Promotion Coordinating Committee (TPCC),²⁶ there are opportunities for EXIM to take a proactive and coordinated role in sub-Saharan Africa-related matters and drive effective collaboration with TPCC. The evaluation team sought details on EXIM's strategy for collaborating with the Secretary of Commerce and TPCC to "take prompt measures" to enhance EXIM's commitments in the region, as required by its Charter. EXIM disclosed that its coordination strategies with the Department of Commerce and TPCC involve two parts. First, EXIM participates as a member of TPCC; and second, it assists in the formulation and periodic revision of the National Export Strategy, a government-wide strategic plan produced by TPCC to carry out the export promotion and export financing activities of the U.S. Government.²⁷ EXIM clarified it does not "drive or manage the TPCC's agenda" and is one of TPCC's 20 members.²⁸ Regarding the National Export Strategy, EXIM highlighted the involvement of various EXIM offices, under the guidance of EXIM's Office of Congressional and International Affairs (OCIA). Upon examining the latest National Export Strategy report, the evaluation team observed that EXIM's services and programs are broadly mentioned throughout the report. There is no emphasis on EXIM's initiatives pertaining to sub-Saharan Africa, except mention of select government-wide initiatives such as Power Africa and Prosper Africa.²⁹ An internal EXIM document also noted that GBD also regularly participates in roundtables and hosts webinars in collaboration with the Department of Commerce and other interagency initiatives to support U.S. exports.

During the interviews, we inquired whether EXIM has any specific policy in place to target specific countries or sectors within the sub-Saharan Africa region. In response, EXIM officials said that EXIM's policies neither favor nor discriminate against any particular sector or country. Several interviewees confirmed that EXIM does not have a strategy or policy to concentrate on

²⁶ The Trade Promotion Coordinating Committee is an interagency committee chaired by the Secretary of Commerce. It was established under the Export Enhancement Act of 1992 to provide a unifying framework to coordinate the export promotion and export financing activities of the U.S. Government and to develop a government-wide strategic plan for carrying out such programs.

²⁷ 2023 National Export Strategy. Available at <https://www.trade.gov/sites/default/files/2023-06/National-Export-Strategy-2023.pdf>.

²⁸ EXIM stated that the "Office of Small Business (OSB) represents EXIM at quarterly TPCC meetings. During these meetings, TPCC member agencies discuss any updates that were provided prior to the meetings, including any issues related to the export promotion and export financing. As the EXIM representative on the TPCC, OSB coordinates with relevant internal stakeholders to address any immediate actions and/or measures, including any that may impact EXIM's Sub-Saharan African mandate. However, please note that the TPCC meetings generally do not require any specific follow-up." EXIM also noted that "EXIM collaborates with the Department of Commerce (DOC) on a daily basis. We have MOU's with several agencies within DOC. The MOU's allow EXIM to share and receive data. It allows DOC and EXIM to participate and attend events hosted by the respective agency. To include trade missions, foreign service officer briefings, and country specific webinars. These are just a few of the ways that EXIM collaborates with DOC daily."

²⁹ EXIM stated "For supporting the National Export Strategy Report, EXIM's review, feedback, and clearance of the report is managed by the Office of Congressional and International Affairs (OCIA). Other offices with equities in the report participate in the process, including OSB, Office of the Chair, Office of Policy Analysis and International Relations (OPAIR), Office of Board Authorized Finance (OBAF), Office of China and Transformational Exports Program (CTEP), Office of External Engagement (OE), and the Office Global Business Development (GBD). EXIM's feedback and clearance of the report is provided to OMB and the Department of Commerce according to their specified deadlines."

a specific country, region, or sector. EXIM's general policy is to respond to market demands. Not having a strategy or policy in place can hinder EXIM's ability to effectively identify the market demands and target initiatives to adequately address those demands. Without a set strategy, EXIM could miss opportunities for growth, specifically in countries and sectors where EXIM does not already have connections and a strong foothold.

Recommendations

Based on the evaluation, OIG issued the following recommendations to enhance EXIM's efforts and performance in the sub-Saharan Africa region.

Recommendation 1: EXIM's Office of the Chair should designate a lead office or officials responsible for coordinating development, oversight, and implementation of a sub-Saharan Africa specific strategy to address the Sub-Saharan Africa Mandate (hereafter referred to as the "Lead Office or Officials"). The Lead Office or Officials should have an explicit responsibility and authority to coordinate and guide the mandate's implementation across all relevant EXIM offices, liaise with external stakeholders, including but not limited to the Sub-Saharan Africa Advisory Committee (SAAC) and other U.S. Government agencies and between sub-Saharan Africa importers and U.S. exporters to rebuild relationships, establish and monitor key performance indicators, and report regularly to the Board of Directors, EXIM Chair, and SAAC.

Recommendation 2: The Lead Office or Officials should develop a sub-Saharan Africa specific strategy to address the Sub-Saharan Africa Mandate. This strategy should provide a unified direction and shared vision of EXIM offices and staff and communicate EXIM's commitments and strategy to interagency partners in the U.S. Government and other stakeholders with a focus to promote the expansion of EXIM's financial commitments in sub-Saharan Africa.

Recommendation 3: EXIM's Office of the Chair should integrate the Sub-Saharan Africa Mandate strategy within the broader EXIM Strategic Plan to re-enforce that the Sub-Saharan Africa Mandate is central to EXIM's overall strategic planning.

Recommendation 4: The Lead Office or Officials should develop an actionable plan to enhance collaborative efforts with the Department of Commerce, the Trade Promotion Coordinating Committee (TPCC), and other relevant government agencies, such that EXIM could play a more prominent role in trade discussions and initiatives concerning sub-Saharan Africa.

Finding 2: EXIM's Programs and Policies in Sub-Saharan Africa Were Not a Key Driving Force in the Growth of U.S. Exports to the Region

The evaluation found EXIM's programs and policies in sub-Saharan Africa were not a significant factor in the growth of U.S. exports during the evaluation period. Under its Sub-Saharan Africa Mandate, EXIM is required to promote the expansion of EXIM's financial commitments in sub-Saharan and increase U.S. exports by supporting U.S. exporters. Given the low volume of trade

attributable to EXIM compared to overall U.S. export to the region, EXIM has not made a significant difference in increasing U.S. exports to sub-Saharan Africa. For example, EXIM-supported trade volume to sub-Saharan Africa was 6.3 percent and 6.4 percent of total U.S. exports to sub-Saharan Africa in FY 2014 and FY 2015, respectively. In recent years, the volume of EXIM-supported trade accounted for a smaller share of total U.S. exports to sub-Saharan Africa compared to that of the period before the lapse (FY 2014 – FY 2015). The share fell to 0.2 percent in FY 2022 before increasing to 1.6 percent in FY 2023 (see Table 3), demonstrating that EXIM programs and policies were not driving a significant increase in U.S. trade with sub-Saharan Africa over the evaluation period.

Table 3: Total U.S. Trade and EXIM-Supported Trade to Sub-Saharan Africa

Year	Total U.S. Exports to Sub-Saharan Africa (in millions of U.S. \$)	Total EXIM-Supported Trade to Sub-Saharan Africa (in millions of U.S. \$)	EXIM-supported Trade to Sub-Saharan Africa as a percent of U.S. Exports to Sub-Saharan Africa (%)
2014	\$25,491	\$1,603	6.3
2015	\$18,005	\$1,160	6.4
2016	\$13,484	\$342	2.5
2017	\$14,067	\$460	3.3
2018	\$15,879	\$184	1.2
2019	\$15,800	\$115	0.7
2020	\$13,491	\$58	0.4
2021	\$16,493	\$66	0.4
2022	\$18,520	\$28	0.2
2023	\$18,211	\$289	1.6
Total	\$169,441	\$4,305	

Note: EXIM-related data is in fiscal years and total US trade data is in calendar years.

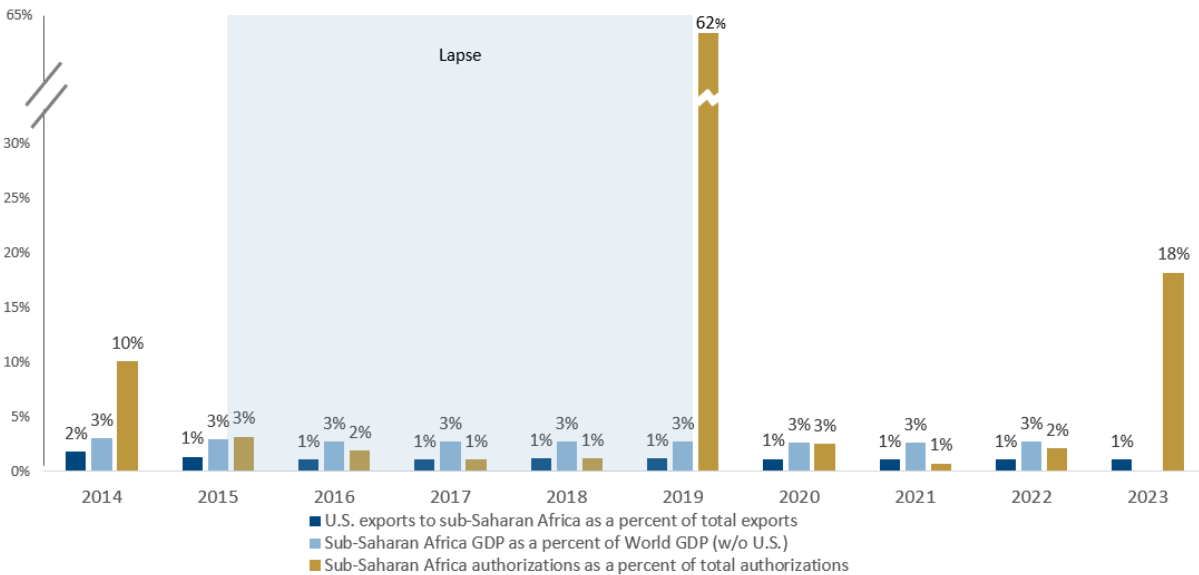
Source: Generated using data provided by EXIM and from the U.S. Census Bureau.

The analysis considered further tests on the relationship between EXIM-supported trade and the total level of U.S. trade to sub-Saharan Africa using econometric analyses. However, the results were not statistically significant, indicating that EXIM-supported trade did not significantly impact the overall level of exports from the U.S. to sub-Saharan Africa from 2014 to 2023. Refer to [Appendix A](#) for additional details on the estimation. The results from the statistical analysis were also corroborated by interviews with exporters. The exporters stated that although the financing support that EXIM provides is valuable, it is only one financial tool among many in their toolbox.

The evaluation found multiple factors that have prevented EXIM’s sub-Saharan Africa programs and policies from stimulating growth in overall U.S. exports to the region. First, although the sub-Saharan Africa authorizations make up a significant portion of the total global authorizations, these authorization amounts are primarily composed of a small number of large transactions in a few countries. Over the last decade (FY 2014 to FY 2023), EXIM’s sub-Saharan Africa authorizations account for approximately 10 percent of global authorizations (see Figure

6). This is a significant share, given that sub-Saharan Africa’s gross domestic product (GDP) makes up about three percent of the world's total GDP, excluding the United States. However, this percentage is inflated by three peak years, 2014, 2019, and 2023, which include three large transactions in Kenya, Mozambique, and Angola, respectively.³⁰ Excluding these three peak years, EXIM sub-Saharan Africa authorizations only account for about two percent of global authorizations.

Figure 6: Total Global Authorizations FY 2014 to FY 2023



Note: Sub-Saharan Africa authorization data is in fiscal years, and GDP data is in calendar years. 2023 GDP data is not available.
Source: Analysis of data produced in EXIM Annual Reports and World Development Indicators (WDI).

Second, the evaluation found that it can take several years for EXIM-supported trade, i.e., disbursements and shipments, to occur after the authorization. This is a critical factor in the low volume of EXIM-supported trade to the region. In the FY 2020 to FY 2023 period, EXIM-supported trade was 23 percent of all transactions and only 17 percent of direct loans and loan guarantees (see Table 4). These delays are primarily due to long-term and medium-term transactions authorized under direct loans and loan guarantee programs, which take longer to progress from authorizations to the EXIM-supported trade phase.

³⁰ In FY 2014, the Kenya transaction accounted for 41 percent of sub-Saharan Africa authorizations. In FY 2019, the Mozambique transaction, which was authorized in September 2019, accounted for 99 percent of sub-Saharan Africa authorizations. In FY 2023, the Angola transaction accounted for 57 percent of sub-Saharan Africa authorizations.

Table 4: EXIM-Supported Trade in Sub-Saharan Africa as a Share of Sub-Saharan Africa Authorizations (*as a Percentage*)

	FY 2014-2023	FY 2020-2023	FY 2020-2023 (Excluding the 2023 Angola \$907 million transaction)
All transactions	45	23	45
Direct loans and loan Guarantees	41	17	35

Note: Disbursements and Shipments which took place between FY 2014-2023 may have been authorized prior to FY 2014 and do not show up as an authorization in the dataset but do show up as a shipment and disbursement. Similarly, authorizations which took place in FY 2014-FY 2023 may not have been shipped or disbursed and, therefore, show up as an authorization but not as a shipment and disbursement. The numerator in the calculation for each datapoint includes total EXIM-supported trade values from FY 2014-2023 and the denominator includes total sub-Saharan Africa authorizations from FY 2014-2023. 45 percent indicates that total EXIM-supported trade during the FY 2014-2023 period account for only 45 percent of total sub-Saharan Africa authorizations during the same period.

Source: Generated using data provided by EXIM.

In 2019 and 2023, two large long-term transactions were approved in Mozambique and Angola, respectively. As of FY 2023, neither has resulted in EXIM-supported trade. In 2023, EXIM’s Board approved a \$907 million direct loan to build two photovoltaic solar power plants in Angola.³¹ This transaction is the largest renewable energy project EXIM has authorized to date and was approved as a transaction under EXIM’s China and Transformational Exports Program (CTEP). EXIM officials stated that this transaction is currently stalled in the documentation phase following the Board's approval.

In 2019, EXIM’s Board authorized a direct loan of \$5 billion to support the export of U.S. goods and services from several U.S. states for the development and construction of an integrated Liquefied Natural Gas (LNG) project in Mozambique.³² The transaction has been on hold since 2021, when escalating security concerns in Mozambique resulted in a pause in construction. According to EXIM staff, the security situation in Mozambique has improved, and the transaction is currently being reevaluated for further due diligence. Once this procedure is

³¹ During this engagement, OIG requested documentation from EXIM related to Section 2(b)(11) of the Charter, which calls for a Presidential certification to enable EXIM to finance transactions related to Angola. EXIM initially provided Presidential certifications that were not directly applicable to the language in Section 2(b)(11). During a subsequent exchange with EXIM’s Office of General Counsel, EXIM provided documentation indicating that the Section 2(b)(11) certification requirement is not applicable. OIG notes that the provided documents were furnished by another agency and EXIM reported that they did not have direct access to agency records related to this interpretation of the Charter.

³² See EXIM Approves \$5 Billion to Finance U.S. Exports to Mozambique LNG Project. Available at <https://www.exim.gov/news/exim-approves-5-billion-finance-exports-mozambique-lng-project>.

completed, the project will have to be reauthorized before advancing to the documentation stage.

According to EXIM officials, the lag between authorizations and EXIM-supported trade occurs for a variety of internal and external reasons. EXIM has no control over external aspects such as issues relating to lenders, importers, and exporters. EXIM officials stated that even when transactions receive approval from the Board or qualify under the IDA, the required pre-disbursement documentation process varies significantly by project and, subsequently, prolongs the timeline for actual EXIM-supported trade.

Based on the interviews conducted with EXIM officials and exporters, minimizing the delay between authorizations and the execution of EXIM-supported trade is fundamental to maintaining relationships with exporters and importers. Authorizations do not immediately release the EXIM funding. If exporters and/or buyers in sub-Saharan Africa are liquidity constrained, they may not be able to expand their economic activity until the disbursement is made.³³ Long periods between authorizations and the execution of EXIM-supported trade can dampen the likelihood of additional economic ripple effects linked to employment, such as the induced effects of recently employed individuals participating in additional economic activities. A history of lags between authorizations and disbursements can further impact the potential ripple effects. Based on EXIM's FY 2025 Annual Performance Plan, EXIM currently assesses its overall global performance using authorization as a metric. Its target is to increase the dollar value of total authorizations to \$13 billion by FY 2025.

Third, the majority of the EXIM-supported trade in the sub-Saharan African region was concentrated in a few countries where the rest of the market is already operating. From FY 2014 to FY 2023, 93 percent of EXIM-supported trade in sub-Saharan Africa was concentrated in seven countries—South Africa, Kenya, Ethiopia, Ghana, Nigeria, Cameroon, and Angola (see Table 5). The same seven countries accounted for 74 percent of total U.S. trade in sub-Saharan Africa. EXIM-supported trade is absent in countries that have low U.S. trade volume. Given EXIM's Sub-Saharan Africa Mandate is to expand trade in sub-Saharan Africa in areas where the private sector is unwilling or unable to provide financing, EXIM's efforts need to expand beyond the handful of countries where the private market may have been already operating.³⁴ Since the EXIM Charter requires reasonable assurance of repayment for its authorized transactions, the evaluation team recognizes EXIM's challenge in expanding its portfolio in sub-Saharan Africa. However, internal EXIM documentation indicates that EXIM can provide either full or limited support in more than seven countries.

³³ As noted in "Supporting Small and Medium Enterprises in Sub-Saharan Africa through Blended Finance," credit and liquidity constraints are critical for two-thirds of small and medium enterprises ([Supporting Small and Medium Enterprises in Sub-Saharan Africa through Blended Finance \(csis.org\)](https://www.csis.org/analysis/supporting-small-and-medium-enterprises-in-sub-saharan-africa-through-blended-finance)).

³⁴ See Congressional Research Service – Export-Import Bank of the United States. Available at <https://crsreports.congress.gov/product/pdf/IF/IF10017>.

Table 5. Total Cumulative U.S. Trade to Sub-Saharan Africa Compared to EXIM-Supported Trade by Country, 2014-2023

	Total U.S. Exports to Sub-Saharan Africa (in Millions of U.S. \$)	Total EXIM-Supported Trade to Sub-Saharan Africa (in Millions of U.S. \$)	EXIM-supported Trade to Sub-Saharan Africa as a percent of U.S. Exports to Sub-Saharan Africa (%)
South Africa	\$55,904	\$1,673	4
Kenya	\$6,230	\$711	13
Ethiopia	\$11,028	\$787	6
Ghana	\$9,048	\$354	4
Nigeria	\$32,000	\$218	2
Cameroon	\$2,011	\$140	8
Angola	\$8,487	\$108	1
Sub-total (Top 7)	\$124,708	\$3,990	3
Total all countries	\$169,441	\$4,305	3
<i>Top 7 as a share of total (%)</i>	74	93	

Note: This data includes the top seven countries with total EXIM-supported trade. The EXIM-supported trade, i.e., disbursements and shipments, data covers a span of ten fiscal years from 2014 to 2023, while the total US trade data, includes a cumulative total for ten calendar years from 2014 to 2023.

Source: Generated using information provided by EXIM and U.S. Census Bureau.

Additionally, according to EXIM officials, expanding EXIM activities in sub-Saharan Africa is limited by various other factors.³⁵ Some of these factors include low creditworthiness of the countries in the region compared to other regions; higher trade volume with European exporters due to historical ties that contribute to familiarity with legal, political, and cultural landscapes; the lack of demand in sub-Saharan Africa for many U.S. manufactured products; and more rigid EXIM policies compared to other export credit agencies (ECAs).

Creditworthiness is one of the primary factors that EXIM takes into consideration when evaluating transactions. The lower creditworthiness of several countries in sub-Saharan Africa impacts the ability to expand EXIM-supported transactions in sub-Saharan Africa. Most of the importers in sub-Saharan Africa are sovereign entities. EXIM adheres to sustainable lending procedures that aim to avoid burdening a country with excessive debt.³⁶ This attention is a part of EXIM's due diligence procedure and influences how EXIM operates in the region as well as its interactions with importers and exporters. Furthermore, as highlighted in a previous OIG report, EXIM uses the default rate, calculated in accordance with statutory requirements, as a principal measure to analyze its portfolio and associated risks. However, there are instances

³⁵ See 2017 and 2021 reports by Congressional Research Service. Sub-Saharan Africa: Key Issues and U.S. Engagement. [Sub-Saharan Africa: Key Issues and U.S. Engagement \(congress.gov\)](https://www.congress.gov/reports/116/1-2021/CRS-REPORTS/2021/R46044/).

³⁶ EXIM notes that it follows the *OECD Recommendation on Sustainable Lending Practices and Officially Supported Export Credits*. All Organization for Economic Cooperation and Development (OECD) members are adherents to the recommendation.

when the default rate adversely affects EXIM's ability to achieve its mission and statutory objectives.³⁷

Sub-Saharan African trade is not as integrated with the U.S. as with select European countries (e.g., United Kingdom and France). Historical ties between Europe and sub-Saharan Africa resulted in strong economic relationships and trade between the regions. According to officials, EXIM is at a disadvantage and must exert additional effort compared to counterparts to increase U.S. trade volume in sub-Saharan Africa. EXIM officials also stated that due to basic issues, such as unfamiliarity with U.S. products and incompatibility of voltage on standard electrical products, give comparative advantages to exporters from other countries. Further, EXIM officials stated that EXIM policies are perceived as more rigid and less adaptable compared to strategies adopted by other ECAs and countries in the region.

EXIM has supported the U.S. Government whole of government approach and plays an integral role in such important initiatives such as Prosper Africa and Power Africa, and in supporting the Deal Teams located in U.S. Embassies in Africa. The recent Angola transaction is a Power Africa, a U.S.-led partnership, deal that is aimed at increasing energy access in sub-Saharan Africa. EXIM played a crucial role in facilitating the transaction.³⁸ Similarly, EXIM also works with Prosper Africa, which is aimed at increasing trade and investment between the U.S. and Africa.³⁹ EXIM has participated in multiple programs with Power Africa and Prosper Africa, including various Memorandums of Understanding with sub-Saharan African countries, roundtable discussions, and panels. In the recent recommendations, SAAC identified multiple actionable items related to various initiatives (e.g., EXIM Africa Strategy, Build Back Better World Initiative, EXIM Support for Renewable and Alternative Energy, Access to Strategic Minerals) to support U.S. exports to Africa.⁴⁰

Recommendations:

Based on the evaluation, OIG issued the following recommendations to expand EXIM-supported trade in the sub-Saharan Africa region.

Recommendation 5: The Lead Office or Officials should establish effective metrics to measure EXIM's Sub-Saharan Africa Mandate performance to inform the growth strategy (e.g., the number of U.S. exporters, lenders, and importers in sub-Saharan Africa reached, relationships established, total commitments and authorizations, and export value). The Sub-Saharan Africa Mandate performance metrics should also be incorporated within the next EXIM Annual Performance Plan.

³⁷See Review of EXIM's Default Rate Management Practices. Available at [Review of EXIM's Default Rate Management Practices](#).

³⁸ See ANNUAL REPORT 2023. Available at <https://scms.usaid.gov/sites/default/files/2024-03/2023-Power-Africa-Annual-Report-Eng.pdf>.

³⁹ In March of 2024, EXIM's President and Chair attended Prosper Africa's Atlanta Phambili event.

⁴⁰ 2021 SAAC Recommendations - EXIM Africa Strategy and Build Back Better World Initiative.

Recommendation 6: EXIM’s Office of Board Authorized Finance and Office of the General Counsel should conduct a comprehensive review of the post-authorization process to identify the primary factors within the documentation phase that contribute to the lag between authorization and disbursements and devise strategies to remedy these shortcomings.

Recommendation 7: EXIM’s Office of Global Business Development should devise a detailed plan to directly engage importers in sub-Saharan Africa that are not already engaging with EXIM’s sub-Saharan Africa programs. The office must ensure that the plan is incorporated as an integral part of the overarching strategy devised by the Lead Office or Officials.

Finding 3: EXIM’s Sub-Saharan Africa Programs and Policies Had a Small Positive Impact on Employment in the United States

This evaluation found that EXIM’s programs and policies in sub-Saharan Africa resulted in a small positive impact on job growth in the United States. EXIM’s mandate is to engage in sub-Saharan Africa with a focus on increasing U.S. exports and bolster job growth in the United States. While EXIM-supported trade did not significantly increase the overall U.S. exports (refer to Finding 2), EXIM's sub-Saharan programs and policies contributed, albeit marginally, to job growth in the United States.

In metropolitan statistical areas (MSAs) with EXIM-supported trade, the employment to population ratio was 1.37 percentage points higher than in MSAs without EXIM-supported trade.^{41, 42, 43} This result means that EXIM-supported trade increased the employment to population ratio in the MSAs with EXIM-supported trade from an average of 44.8 percent to 46.2 percent, indicating EXIM's programs and policies in sub-Saharan Africa have had a small but positive effect on U.S. job growth. Please refer to [Appendix A](#) for additional details on the estimation.

The root causes behind Finding 1 and Finding 2 also apply to this finding. Since EXIM-supported trade volume to sub-Saharan Africa is low, there is relatively little economic activity to have an impact on employment. According to EXIM officials, EXIM’s OSB manages the agency’s relationship with U.S. US businesses and exporters, and specifically, U.S. regional offices implement various marketing approaches (e.g., participating in trade shows, attending workshops and conferences, etc.) to reach new companies that are looking for financial support

⁴¹ Employment to population ratio is defined as the total number of individuals employed in a jurisdiction divided by the total population of the jurisdiction.

⁴² The analysis uses MSAs as the unit of observation because they capture the labor market more closely aligned with the location of the EXIM-supported business that was obtained from EXIM data. The result is statistically significant at the five percent significance level.

⁴³ MSAs with EXIM-supported trade are Metropolitan Statistical Areas with shipment and disbursement in FY 2014, FY 2015, or FY 2016. MSAs without EXIM-supported trade are Metropolitan Statistical Areas without shipment and disbursement in FY 2014, FY 2015, or FY 2016.

from EXIM to start exporting to the sub-Saharan Africa region. Similarly, GBD also co-hosts webinars, seminars, and relevant events to engage and attract U.S. businesses to EXIM’s products and services. Some exporters stated that U.S. businesses remain unaware of EXIM and suggested that EXIM could enhance its grassroots marketing to attract more businesses to use EXIM services. Exporters also reported that EXIM’s application and qualification processes are well-understood by exporters with EXIM experience, but there is a significant learning curve for new businesses trying to understand the application and qualification processes.

We also found that EXIM’s domestic content policy presents challenges that affect EXIM’s ability to support U.S. exporters. EXIM’s mission is to support U.S. jobs through exports. To fulfill this mandate, EXIM uses U.S. content as a “proxy” of support for U.S. jobs. EXIM’s domestic content policy requires that the content of traded products is at least 50 percent U.S.-based for short-term programs and at least 85 percent for medium and long-term programs to receive maximum financing.⁴⁴ EXIM officials stated that some exporters that do not have significant levels of U.S. content are not eligible for commercially meaningful levels of financing. The domestic content requirement intensifies the application burden, as the businesses are required to supply documentation that verifies the U.S. content percentage in their offerings. EXIM has some flexibility in enforcing domestic content requirements. It can consider, on a case-by-case basis, exceptions or alternative arrangements.

This evaluation further found that foreign ECAs have more lenient content policies compared to those of EXIM. A 2012 U.S. Government Accountability Office report identified that EXIM’s domestic shipping requirement and domestic content requirements were “higher and less flexible than EXIM’s competitors.”⁴⁵ Similarly, the 2023 OIG report “Comparative Analysis of U.S. and OECD Arrangement Export Credit Agencies” found that EXIM’s requirement for domestic content is much higher than the content required by other ECAs in the OECD, many of which require less than 30 percent domestic content for financing. Some ECAs do not require any domestic content.⁴⁶ Based on its findings, the 2023 OIG report recommended that EXIM should “conduct a study exploring the potential for varying EXIM’s domestic content requirement by industry or sector for all exporters—not just those that qualify under the narrow exceptions of the CTEP program—and adopt policy changes to reflect any modifications or revisions to domestic content requirements based upon the results of the study.”

⁴⁴ The domestic content policy refers to the necessary inclusion of a certain percentage of U.S. content in the exported goods or services. The minimum requirement for this U.S. content varies by program, i.e., short-term programs (including Export Credit Insurance and the Working Capital Guarantee) differ from medium to long-term policies (like loans and guarantees). See EXIM’s Medium and Long-Term Content Policy, <https://www.exim.gov/policies/content/medium-and-long-term> and Short-Term Content Policy, <https://www.exim.gov/policies/content/short-term-content-policy>.

⁴⁵ GAO Report – U.S. Export-Import Bank: Actions Needed to Promote Competitiveness and International Cooperation (GAO-12-294) and Export Finance: Comparative Analysis of U.S. and European Union Export Credit Agencies (GGD-96-1).

⁴⁶ See Comparative Analysis of U.S. and OECD Arrangement Export Credit Agencies. Available at [*exim-oig_eca-evaluation_oig-ev-23-04_final_0.pdf](https://www.exim.gov/policies/content/short-term-content-policy).

This recommendation is still open and is still relevant. Furthermore, there is a need for a closer look at the domestic content policy that applies to U.S. exporters who fall under the Sub-Saharan Africa Mandate. As highlighted in this report (refer to Finding 2), expanding EXIM activities in sub-Saharan Africa is particularly challenging due to numerous external factors. These include the low creditworthiness of several countries, the region's historical trade with European countries, and the lack of demand in the region for many U.S. manufactured products due to basic issues such as the unfamiliarity with U.S. products and incompatibility of voltage on standard electrical products. Since EXIM has limited influence over many external factors, it is essential to evaluate policies that are within EXIM's purview, such as the domestic content policy. As a result, EXIM should evaluate whether adjustments to its domestic content policy could benefit U.S. exporters aiming to expand in the sub-Saharan Africa region, while also ensuring that U.S. jobs are not adversely affected. Based on this assessment, EXIM should present evidence to the Board for potential policy revisions, if warranted.

EXIM's marketing to U.S. exporters has not expanded EXIM's market in sub-Saharan Africa. Upfront costs of EXIM's processes and content policy are high preventing some U.S. lenders from engaging with EXIM.

Recommendations:

Based on the evaluation, OIG issued the following recommendations to expand EXIM's activities in the United States and bolster U.S. job growth.

Recommendation 8: The Lead Office or Officials should devise a plan to directly engage U.S. businesses that are not already engaging with EXIM's sub-Saharan Africa programs.

Recommendation 9: EXIM's Office of Policy Analysis and International Relations should conduct an analysis of the potential impacts of lowering the mandated domestic content policy for EXIM programs targeted to sub-Saharan Africa on U.S. jobs and present its findings to EXIM's Board of Directors.

Finding 4: EXIM-Supported Trade Did Not Impact Employment in Sub-Saharan Africa During the Evaluation Period

The evaluation found that EXIM-supported trade did not impact employment in sub-Saharan Africa during the period of FY 2014 to FY 2023. EXIM's mandate is to engage in sub-Saharan Africa with a focus on increasing U.S. exports and bolster job growth in the United States. EXIM has noted that successful transactions in sub-Saharan Africa can "simultaneously benefit jobs creation in both the United States and in sub-Saharan Africa."⁴⁷ If EXIM's sub-Saharan

⁴⁷ See Financing in Support of U.S. Exporters for Buyers in Sub-Saharan Africa. Available at https://img.exim.gov/s3fs-public/newsandevents/MKG-CNR-03_sub-saharan_africa_17JUNE2020.pdf.

programs and policies had a material impact on the economy of sub-Saharan Africa, we expected to see employment increase in countries with high levels of EXIM-supported trade.

The analysis considered various econometric models to analyze whether EXIM-supported trade had a material impact on employment in sub-Saharan Africa. The results from these models were not statistically significant. The amount of EXIM-supported trade to sub-Saharan Africa is too small to have a material impact on employment in countries of sub-Saharan Africa; EXIM-supported trade is 0.0081 percent of the economic output (GDP) of sub-Saharan Africa.⁴⁸ Please refer to [Appendix A](#) for additional details on the estimation.

OIG is not making any specific recommendations related to this finding because the previous recommendations made in this report may help expand EXIM's overall activity in sub-Saharan Africa and subsequently impact job growth in the region.

⁴⁸ EXIM disbursements in sub-Saharan Africa were \$166 million in 2022 and the GDP was \$2 trillion (World Bank).

RECOMMENDATIONS

OIG provided a draft of this report to EXIM stakeholders for their review and comment on the findings and recommendations. Based on this evaluation, OIG issued the following recommendations to EXIM. EXIM's complete response can be found in Appendix C.

Recommendation 1: EXIM's Office of the Chair should designate a lead office or officials responsible for coordinating development, oversight, and implementation of a sub-Saharan Africa specific strategy to address the Sub-Saharan Africa Mandate (hereafter referred to as the "Lead Office or Officials"). The Lead Office or Officials should have an explicit responsibility and authority to coordinate and guide the mandate's implementation across all relevant EXIM offices, liaise with external stakeholders, including but not limited to the Sub-Saharan Africa Advisory Committee (SAAC) and other U.S. Government agencies and between sub-Saharan Africa importers and U.S. exporters to rebuild relationships, establish and monitor key performance indicators, and report regularly to the Board of Directors, EXIM Chair, and SAAC.

Management Response: In its May 13, 2024, response, EXIM concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved.

Recommendation 2: The Lead Office or Officials should develop a sub-Saharan Africa specific strategy to address the Sub-Saharan Africa Mandate. This strategy should provide a unified direction and shared vision of EXIM offices and staff and communicate EXIM's commitments and strategy to interagency partners in the U.S. Government and other stakeholders with a focus to promote the expansion of EXIM's financial commitments in sub-Saharan Africa.

Management Response: In its May 13, 2024, response, EXIM concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved.

Recommendation 3: EXIM's Office of the Chair should integrate the Sub-Saharan Africa Mandate strategy within the broader EXIM Strategic Plan to re-enforce that the Sub-Saharan Africa Mandate is central to EXIM's overall strategic planning.

Management Response: In its May 13, 2024, response, EXIM concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved.

Recommendation 4: The Lead Office or Officials should develop an actionable plan to enhance collaborative efforts with the Department of Commerce, the Trade Promotion Coordinating

Committee (TPCC), and other relevant government agencies, such that EXIM could play a more prominent role in trade discussions and initiatives concerning sub-Saharan Africa.

Management Response: In its May 13, 2024, response, EXIM concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved.

Recommendation 5: The Lead Office or Officials should establish effective metrics to measure EXIM's Sub-Saharan Africa Mandate performance to inform the growth strategy (e.g., the number of U.S. exporters, lenders, and importers in sub-Saharan Africa reached, relationships established, total commitments and authorizations, and export value). The Sub-Saharan Africa Mandate performance metrics should also be incorporated within the next EXIM Annual Performance Plan.

Management Response: In its May 13, 2024, response, EXIM concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved.

Recommendation 6: EXIM's Office of Board Authorized Finance and Office of General Counsel should conduct a comprehensive review of the post-authorization process to identify the primary factors within the documentation phase that contribute to the lag between authorization and disbursements and devise strategies to remedy these shortcomings.

Management Response: In its May 13, 2024, response, EXIM conditionally concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved.

Recommendation 7: EXIM's Office of Global Business Development should devise a detailed plan to directly engage importers in sub-Saharan Africa that are not already engaging with EXIM's sub-Saharan Africa programs. The office must ensure that the plan is incorporated as an integral part of the overarching strategy devised by the Lead Office or Officials.

Management Response: In its May 13, 2024, response, EXIM concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved.

Recommendation 8: The Lead Office or Officials should devise a plan to directly engage U.S. businesses that are not already engaging with EXIM's sub-Saharan Africa programs.

Management Response: In its May 13, 2024, response, EXIM concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved.

Recommendation 9: EXIM's Office of Policy Analysis and International Relations should conduct an analysis of the potential impacts of lowering the mandated domestic content policy for EXIM programs targeted to sub-Saharan Africa on U.S. jobs and present its findings to EXIM's Board of Directors.

Management Response: In its May 13, 2024, response, EXIM concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives and Scope

The Office of Inspector General (OIG) evaluated the Export-Import Bank of the United States' (EXIM) performance and procedures to promote the expansion of EXIM's financial commitments in sub-Saharan Africa under its loan, guarantee, and insurance programs.¹ OIG's evaluation considered the results of quantitative analysis, document review, and interviews conducted by Ernst and Young LLP (EY). This work was performed in accordance with the 2020 *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.²

This Appendix presents the approach for quantitative analysis, document review, and interviews conducted by Ernst and Young LLP (EY) at the request of OIG. The three main objectives of OIG's evaluation of the Sub-Saharan Africa Mandate Evaluation were to:

1. Measure EXIM's performance and efforts to promote the expansion of its financial commitments in sub-Saharan Africa.
2. Evaluate the impact of EXIM's programs and policies on increasing the export of U.S. goods and services to sub-Saharan Africa and strengthening U.S. jobs.
3. Evaluate the effect of EXIM's programs and policies on job creation in sub-Saharan Africa.

The initial evaluation scope focused on activities occurring between October 1, 2020, and September 30, 2023. EXIM experienced a lapse in its statutory authority from July 2015 to December 2015 and a lapse in quorum of EXIM's Board of Directors (Board) from July 2015 to May 2019. Our initial findings showed that the three years after EXIM's lapse in authority did not provide sufficient data to conduct the analysis. Therefore, we expanded the scope of this evaluation to include data and EXIM activities from FY 2014 through FY 2023 to cover time before, during, and after the lapse.³ For more information about how we conducted this evaluation, see Appendix A.

¹ See Charter Sec. 2(b)(9)(A), <https://img.exim.gov/s3fs-public/21-01-19-exim-bank-2019-charter-as-amended-final.pdf>, and 12 U.S.C. § 635(b)(9)(A).

² See Quality Standards for Inspection and Evaluation, <https://www.ignet.gov/sites/default/files/files/QualityStandardsforInspectionandEvaluation-2020.pdf>.

³ Initial findings suggested that the three-year period post-lapse was not sufficient to evaluate the impact of EXIM's activities, particularly as EXIM had just begun to recover from the lapse. Furthermore, the pause in activities from FY 2016 through FY 2019 provided a quasi-experimental quantitative framework for analysis using the lapse period as a "treatment." The inclusion of the period preceding the lapse also allowed the team to compare the level and trajectory of EXIM-supported activity from a "normal" period of time with activity post-lapse.

Methodology

EY used a mixed-method approach to conduct this evaluation, incorporating quantitative and qualitative analyses.

Quantitative methods included descriptive analysis and econometric models using EXIM data and publicly available data from the World Bank's World Development Indicators (WDI), Census Bureau, Oxford Economics, JobsEQ, Bureau of Economic Analysis, World Integrated Trade Solutions (WITS), and AidData Global Chinese Development Finance dataset. EY used descriptive analyses to identify key trends in the performance of EXIM's Sub-Saharan Africa Mandate. Econometric models were used to test the relationships between sub-Saharan Africa authorizations, EXIM-supported trade to sub-Saharan Africa, overall U.S. trade, and employment in sub-Saharan Africa and the United States.

The data sources that EY used in the quantitative analysis are as follows:

EXIM Data:

Data from EXIM, including transaction and country-level figures, were provided through four different data calls. In the final iteration of data, transaction-level data was provided across the FY 2014 to FY 2023 period. The dataset included detailed transaction-level analysis, including exporter name, city, and sector, along with the foreign buyer's name, country, and sector. Disbursements and shipments data was provided by both authorization fiscal year and disbursement fiscal year, in which disbursement year captured the full value of disbursements and shipments that occurred over the full time period regardless of when the transactions were authorized. Authorization data was provided by authorization fiscal year. Insurance transactions were broken down by country and disbursement for each fiscal year. EY used the transaction-level data to construct two primary datasets: 1) Data by sub-Saharan country and year, and 2) Data by state/metro areas and year, in order to answer the three questions outlined in this evaluation objectives.

Sub-Saharan Africa Data:

The World Bank's World Development Indicators (WDI) were used for country-level statistics associated with population, employment, and GDP. This data was gathered to cover relevant indicators across 10 years: CY 2014 to CY 2022. EY imputed CY 2023 data using the prior year's growth rate, i.e., from CY 2021 to CY 2022. Data from the World Bank's informal economy database was also included as a measure of country-level informal output. This data was available from CY 2014 to CY 2020, with CY 2021 to CY 2023 data points imputed using prior two-year average, i.e., CY 2019 and CY 2020.

Data from William and Mary's AidData Global Chinese Development Finance dataset was also included to understand China's project financing in sub-Saharan Africa using the commitment year and amount in nominal dollars.

The World Integrated Trade Solutions provided bilateral trade data from the United States to sub-Saharan African countries. This data was broken out by sector at the two-digit level. Data was available from CY 2014 to CY 2022 and the CY 2023 values were imputed by averaging the growth in the CY 2021 and CY 2022 data and applying that rate to the CY 2023 data.

U.S. Data:

EY also gathered trade data from the U.S. Census Bureau data. This data provided a breakdown of exports by U.S. state to the sub-Saharan Africa region. The data included the total value of exports from all 50 states and Washington, DC to the 49 countries in sub-Saharan Africa. This series included years from CY 2014 to CY 2023. U.S. Census Bureau data was also used to gather state resident population estimates during the CY 2014 to CY 2023 period.

The Bureau of Economic Analysis data provided state-level figures from CY 2014 to CY 2023 for gross domestic product and personal income in 2017 real U.S. dollars.

EY collected Metropolitan Statistical Area (MSA)-level data, including gross domestic product, population, and employment from Oxford Economics. For U.S. states, employment data from JobsEQ was collected from CY 2014 to CY 2022. This data included total employment by state broken out into various industries, including manufacturing and mining.

To supplement the results produced by qualitative analysis, EY conducted qualitative analysis. EY conducted documents review, interviews with various EXIM officials, and interviews with exporters who received EXIM financing to export their goods and services to sub-Saharan Africa.

Desktop review of documents: As data requests started to be fulfilled, EY conducted a desktop review of documents to gain a deeper understanding of the application process and qualification protocols for each of the EXIM programs (direct loans, loan guarantees, working capital guarantees, and export credit insurance). This process allowed the team to develop the groundwork for constructing an evaluation framework of the procedures, shaping a logic model, and formulating relevant research questions that needed to be answered during the evaluation process.

Qualitative interviews with EXIM officials: EY conducted in-depth interviews with various EXIM offices, including individuals from EXIM's Office of the Chief Risk Officer (OCRO), Office of Board Authorized Finance (OBAF), Office of Global Business Development (GBD), Office of the Chief Financial Officer (OCFO), Office of Small Business (OSB), and the Office of Policy Analysis and International Relations (OPAIR). Additionally, EY met with exporters who have used EXIM programs to conduct business in sub-Saharan Africa. The sample of U.S. exporters selected for interviews were chosen using the following method:

Qualitative interviews with U.S. exporters: EY interviewed four exporters who have used EXIM's financing programs to conduct business in sub-Saharan Africa.

EXIM-supported trade data from FY 2020 to FY 2023 was reviewed, which included transactions with over 200 different companies. Of these companies, 24 were shortlisted for additional data gathering (e.g., contact information and company size) from EXIM. The shortlist was based on the stratification of EXIM transaction data by region, size, and short-term versus long-term programs. Upon receipt of the data, the list was further stratified by company size and six companies were selected, representing all EXIM financing programs, five U.S. regions, varying transaction lengths (long-term and short-term), and diverse sectors. Out of the six companies, EY was able to reach and schedule interviews with four.

Econometric models:

The specifications of the econometric models are presented below.

The impact of EXIM activities on jobs and trade was analyzed using several econometric models. The outcomes of interest are as follows for U.S. states:

Exports (Totals and/or by industry): To address the question, “Did EXIM stimulate more exports from participating states?”

Employment: To address the question, “Did EXIM lead to more jobs in participating states or metropolitan statistical areas?”

The outcome of interest for countries in sub-Saharan Africa:

Employment/Unemployment: To address the question “Did EXIM lead to more jobs in participating countries?”

Models:

To evaluate the causal impact of EXIM on the above outcomes in the U.S. and in sub-Saharan Africa countries, the analysis examined four types of models. The general idea was to evaluate if involvement with EXIM generated a significant differential effect in the outcomes of participating states (“treatment” group) or countries compared to non-participating ones (“control” group), everything else equal, and potentially quantify these effects. This empirical strategy controls for large scale economic shocks such as recessions and Covid-19 since treatment and control groups would be similarly affected by these shocks. The empirical analysis identified, to the extent possible, whether employment or exports would be smaller if EXIM activity was not present. If the trade may have occurred regardless of EXIM support (due to support from other ECAs or forms of financing), the impact of EXIM’s activity on the level of exports and employment was insignificant.

Variables specific to activities with EXIM such as *Authorization Level*, *Disbursement Level*, *Authorization participation (0/1)*, and *Disbursement participation (0/1)* were used separately as explanatory variables for the outcomes analyzed. Statistically, if the EXIM variable was positive (negative), it meant that EXIM-supported trade had a positive (negative) effect on the outcome. The effects were evaluated for significance—that is, whether they were statistically different from zero regardless of their sign.

Model 1 OLS U.S. states, MSAs, and sub-Saharan Africa countries:

The basic model is defined as follows and is estimated using ordinary least squares (OLS):

$$Outcome_{it} = \alpha + \beta * EXIM_{it} + \gamma' * Controls_{it} + \mu_i + \varepsilon_{it} \quad (1)$$

Where:

- $Outcome_{it}$ is the outcome value (employment or trade) of state/country i at time t
- $EXIM$ is the level or presence of EXIM-supported trade (authorizations levels, disbursement levels, participation in authorizations, participation in disbursements) that state or country i received at time t
- $Controls_{it}$ includes a list of control variables whose values are available for state or country i at time t . Controls include the size of the economy, population, year, among others
- μ_i are state or country fixed effects
- ε_{it} is the idiosyncratic error term

Model 2 Instrumental variables used for U.S. states, MSAs and sub-Saharan Africa countries:

A potential issue that can arise in the above model is the “endogeneity” of EXIM to the outcome of interest (such as reversed causality or unobserved drivers). For example, it was possible that the reason some U.S. states or sub-Saharan Africa countries participated in EXIM at all or at higher amounts was because their outcome value was already higher than other U.S. states or sub-Saharan Africa countries in the first place, and this motivated the amounts of their participation to EXIM, rather than the other way around. If this was the case, then estimates from Model 1 were not really capturing EXIM’s effect but were only reflecting differences that were already present before EXIM (reversed causality). Likewise, it was possible that there were some unobserved factors (quality of leadership in state legislature, corruption in a country, etc.) that were driving both the amount of participation to EXIM and high values of the outcome. Using fixed-effect regression could correct some of these problems but not fully.

To overcome this potential issue, an instrumental variables estimation technique was used as follows:

We ran a two-stage regression where the second stage is:

$$Outcome_{it} = \alpha + \beta * \widehat{EXIM}_{it} + \gamma * Controls_{it} + \mu_i + \varepsilon_{it} \quad (2b)$$

Here, \widehat{EXIM}_{it} was predicted from a first stage using the instrumental variable, given by:

$$\widehat{EXIM}_{it} = \theta_0 + \theta_1 Determinant\ of\ EXIM\ activity_{it} + \gamma * Controls_{it} + v_{it} \quad (2a)$$

The variables used for “determinant of EXIM-supported trade” should predict EXIM-supported trade but not be correlated to the outcome variables such as employment and income. These

variables are known as “instrumental variables” that predict EXIM-supported trade (0/1) and the predicted EXIM-related trade is then used in regression 2b.

Instrumental variables are difficult to identify and may not solve the endogeneity problem. We took the estimation a step further and estimated another set of models intended to address the endogeneity.

Model 3 Control and Treatment approach used for U.S. States and MSAs:

A third model estimate to evaluate the impact of EXIM’s Sub-Saharan Africa Mandate on U.S. outcomes used the natural experiment associated with the FY 2016 to FY 2019 lapse in EXIM activities.⁴ We identified jurisdictions (states, MSAs) with higher amounts of EXIM-supported trade prior to the lapse. If EXIM related activities were driving outcomes in those jurisdictions, we expected that after the lapse, those jurisdictions would be worse off than non-EXIM intense jurisdictions. The analysis is estimated using a fixed effects model with the following specification:

$$Outcome_{it} = \alpha + \beta * EXIM_{it} + \gamma' * Controls_{it} + \mu_i + \varepsilon_{it} \quad (3)$$

Where *EXIM* is a dummy variable. For states and MSAs with high EXIM-supported trade, the value of this variable was 1 and 0 otherwise. For MSAs, this variable was defined as MSAs with EXIM-supported trade, i.e. shipment and disbursement, and those without, during FY 2014 to FY 2016. For states, this variable was defined as states above or below the median shipment and disbursement amount during FY 2014 to FY 2015.

Model 4 Heckman model sub-Saharan Africa:

In the case of sub-Saharan Africa, to further investigate and control for endogeneity, we focused on EXIM participating countries only and evaluated the marginal effect of authorization and/or disbursement amounts more narrowly. We therefore restricted our sample to EXIM participating countries only and ran regression of the type (1) on this sample. However, we had to correct for sample selection. This means a two-stage regression process where:

Stage 1: We estimated the probability of participation to EXIM as the first stage i.e.

$$Pr[EXIM_{it} = 1] = F(\psi' X_{it}) \quad (4a)$$

Where the covariates were $X_{it} = [Others_{it}, Controls_{it}]$ as in the first-stage discussed in Model 2 above (equation 2(a)), and $F()$ was the cumulative distribution function of a normal (probit model) or a logistic (Logit model) distribution. The estimated coefficient is $\hat{\psi}$. This stage used the whole sample.

Stage 2: We estimated the outcome model:

⁴Kurban 2022 and Kabir et al 2024 and others that might use this model.

$$Outcome_{it} = \alpha + \beta * Amount_{it} + \gamma' * Controls_{it} + \tau * \hat{\lambda}_{it} + \mu_i + \varepsilon_{it} \quad (4b)$$

Where $\hat{\lambda}_{it}$ was the inverse Mills ratio defined by $\hat{\lambda}_{it} = \frac{f(\hat{\Psi}'X_{it})}{F(\hat{\Psi}'X_{it})}$ is used as an additional explanatory variable (the Heckman's correction) in the second stage regression. Here, $f(\cdot)$ was the probability distribution function (PDF) derived from $F(\cdot)$. This stage used the sample of participating countries only.

The OLS results were inconclusive in large part due to the presence of endogeneity. The results for the Instrumental Variable analysis were not robust for U.S. states and MSAs due to the short time series and the external shock of the lapse period. The treatment and control model for U.S. states and MSAs provided robust results as reported in Findings 2 and 3. The instrumental variable model for sub-Saharan Africa provided results as reported in Finding 4.

Estimation results for all models are available upon request.

Caveats and Limitations

The empirical interpretation of EXIM's impact on jobs assesses the effect of EXIM-supported activities on employment creation, namely, whether such activities lead to the generation of new jobs that would not have created in the absence of support. The analysis presented in the report does not consider the maintenance of existing employment as a means of strengthening jobs in the U.S. or sub-Saharan Africa unless it contributes to the creation of further employment opportunities.

An important limitation of this evaluation was the specific time period evaluated which is FY 2020 to FY 2023 and was expanded to FY 2014 to FY 2023. As noted in this report, the lapse period had negative effects on EXIM's ability to conduct its core business of supporting export activity in sub-Saharan Africa. Once the lapse ended, EXIM had to reconnect with markets in the U.S. and sub-Saharan Africa, respond to concerns about EXIM's long-term viability, and get "back into business" which had repercussions for the level of EXIM activity after the lapse. In FY 2023 there was an uptick in EXIM's activity in sub-Saharan Africa, but it is too early to know if this is a trend that will continue.

The period evaluated was also a challenge for the statistical models that were used to estimate the impact of EXIM on employment and level of trade with sub-Saharan Africa due to the short timeframe of 10 years and the lapse. These conditions yielded a short time-series of data on EXIM activities and potential impact. The small size of the data set reduced the power of regression analysis, meaning that the statistical models were less likely to be able to identify the true impact of EXIM on outcomes including levels of trade and employment. Future evaluations will have the benefit of more years of data post lapse which will increase the power of the statistical analysis and increase the statistical significance of the results.

The evaluation did not account for the experience and viewpoints of exporters who may have considered EXIM programs and policies but did not qualify or apply due to eligibility thresholds and other qualification criteria. Buyers from sub-Saharan African were not interviewed.

APPENDIX B: ABBREVIATIONS

CTEP	China and Transformational Exports Program
ECA	Export Credit Agency
GBD	Office of Global Business Development
GDP	Gross Domestic Product
IDA	Individual Delegated Authority
LNG	Liquefied Natural Gas
MOU	Memorandum of Understanding
MSA	Metropolitan Statistical Area
OBAF	Office of Board Authorized Finance
OCFO	Office of the Chief Financial Officer
OCRO	Office of the Chief Risk Officer
OECD	The Organization for Economic Cooperation and Development
OGC	Office of General Counsel
OIG	Office of Inspector General
OPAIR	Office of Policy Analysis and International Relations
OSB	Office of Small Business
TPCC	Trade Promotion Coordinating Committee
WDI	World Development Indicators
WITS	World Integrated Trade Solution

APPENDIX C: MANAGEMENT RESPONSE



Helping American Businesses Win the Future

DATE:	May 13, 2024
TO:	Michael Ryan, Assistant Inspector General for Audits
THROUGH:	Ravi Singh, Acting Senior Vice President and Chief Financial Officer
FROM:	Ufo Eric Atuanya, Acting Senior Vice President for Global Business Development and Senior Advisor for Africa
SUBJECT:	EXIM Management Response to the OIG report: <i>Evaluation of EXIM's Sub-Saharan Africa Mandate (OIG-EV-24-01)</i>

Dear Mr. Ryan,

Thank you for providing the Export-Import Bank of the United States (“EXIM” or “EXIM Bank”) with the Office of Inspector General’s (“OIG”) report *Evaluation of EXIM's Sub-Saharan Africa Mandate (OIG-EV-24-01)*, dated May 6, 2024 (the “Report”). Management continues to support the OIG’s work which complements EXIM’s efforts to continuously improve its programs and processes. EXIM Bank is proud of the strong and cooperative relationship it has with the OIG.

The Sub-Saharan Africa Mandate is critically important to EXIM as we look to support U.S. exports around the globe. EXIM is pleased that the OIG acknowledged that “EXIM-supported trade increased in 2022.” Additionally, “EXIM has supported the U.S. government whole of government approach and plays an integral role in such vital initiatives as Prosper Africa and Power Africa, as well as supporting the Deal Teams located in U.S. Embassies in Africa and EXIM’s programs and policies in sub-Saharan Africa resulted in a [small] positive impact on job growth in the United States.”

Over the past several years, EXIM has worked diligently to execute its responsibilities under the sub-Saharan Africa mandate and we appreciate your review of the mandate. While we largely agree with the recommendations made in this report, EXIM believes the review neglected some critical elements that may have altered the findings. To that end, this Management Response will endeavor to

- Highlight several key activities that have been performed to strengthen and promote its activities in the region, as these activities were not highlighted in the aforementioned OIG report;
- Address specific concerns with some of the Report’s findings; and
- Provide additional information and context that we believe, if considered, would have resulted in pragmatic and practical recommendations to bolster the Bank’s efforts in Sub-Saharan Africa.

For many years, EXIM has contributed resources aimed at increasing its engagement with African governments and organizations and effectively performing the activities set forth in the Sub-Saharan

Africa mandate through the implementation of various procedures, programs and participating in various whole-of-government initiatives. EXIM respectfully submits the responses in light of the OIG findings detailed in its report.

OIG Finding 1: EXIM Did Not Successfully Expand its Performance to Achieve its Sub-Saharan Africa Mandate During the Evaluation Period.

- In its report, the OIG relies upon the following three indicators in its analysis of EXIM: (1) authorizations (calculated in USD(\$)); (2) the creation of a specific program or office to oversee the Sub-Saharan-Africa Mandate or regional strategy; and (3) the absence of a detailed strategy to expand EXIM activities and U.S. exports to the region.
 - In 2022, Chair Lewis established the Global Business Development Office (hereinafter “GBD”) to serve as EXIM’s international business development arm. The creation of this office centralized the Bank’s international outreach efforts to increase awareness of EXIM’s global brand by carrying out activities aimed at educating the international community with the objective to diversify and grow EXIM’s medium- and long-term portfolio. GBD is comprised of dedicated professionals with regional expertise who perform a wide array of educational and outreach activities aimed at fostering strategic partnerships with external stakeholders, including the USG interagency, foreign governments, multilateral entities, business associations and other public and private sector entities. Additionally, GBD identifies and facilitates transactions and counsels various businesses to support the conversion of transaction leads into bankable applications which are subsequently processed by EXIM loan officers.
 - To date, GBD leads have resulted in approximately \$1.3 billion in Sub-Saharan Africa transactions. This is evidenced by EXIM’s participation in the US-Africa Leaders’ Summit, the US-Angola security Dialogue, the Africa Growth and Opportunity Act (AGOA) conferences, Digital transformation Africa, four whole-of-government initiatives in which EXIM transactions were presented as USG deliverables.
 - Additionally, while the report directly references that GBD and OSB regularly liaise with Department of Commerce and the Trade Promotion Coordination Committee, as TPCC is referenced in the Charter, it does not highlight the National Security Council (NSC) interagency policy committees that EXIM participates in and through which EXIM closely coordinates with Power Africa and Prosper Africa (USAID).
 - It also does not discuss EXIM’s participation with the Department of Commerce led Presidential Advisory Council on Doing Business in Africa (PAC-DBIA) and the newly-created Presidential Advisory Council on Diaspora Engagement in Africa (PAC-ADE).
 - GBD also plays a critical role in supporting the Sub-Saharan Africa Advisory Committee (SAAC) as the GBD SVP, VP and Director for Africa serve as part of the Secretariat for the SAAC. Through this function, they help coordinate all SAAC activities and are instrumental in providing relevant information on EXIM strategies, standards, transactions and programs which provide the foundation for the SAAC’s recommendations to EXIM Board and leadership. Lastly, the report is silent with respect to the countless conferences, meetings, summits and diplomatic events that Chair Lewis and EXIM staff have participated in to further enhance its efforts in the region by connecting with relevant stakeholders from the Diaspora. Indeed, since her confirmation Chair Lewis has had more than 50 meetings with African government officials and stakeholders,

OIG Finding 2: EXIM's Programs and Policies in Sub-Saharan Africa Were Not a Key Driving Force in the Growth of U.S. Exports in the Region.

- In this section, the OIG report analyzes EXIM-supported trade to Sub-Saharan Africa against total U.S. trade volumes to the region. The report correctly identifies a decline in authorizations in the region from 2016-2022. This section cites several factors, including the small number of large transactions comprising the regional portfolio; delays with documentation, disbursements, and shipments subsequent to authorization; and concentration of EXIM-supported trade activities in a few African countries.
 - The OIG also correctly cites the lapse of statutory authority from July 2015 to December 2015 and the lapse in quorum from July 2015 to May 2019 as adversely affecting EXIM's ability to significantly increase its activities in the region during that time. The tangible results of this limitation, however, are not discussed as a function of reduced EXIM-supported activities during the same time period. Stated differently, EXIM did not have authority to carry out its activities for five months in 2015. Similarly, a lack of Board quorum prevented the agency from authorizing long-term deals for approximately four (4) years. As such, there is a direct and negative correlation between these two structural limitations and the significant decline in EXIM's Sub-Saharan trade volume, i.e. the longer these limitations were in place, the more EXIM activity in the region (and elsewhere) decreased. This occurrence is both qualitatively and quantitatively significant and worth reiterating.
 - Additionally, this analysis is silent as to the EXIM Country Limitation Schedule (CLS) and the significance this policy plays in determining the countries in which EXIM can authorize transactions. The CLS determines whether EXIM is open for business in a country in the private sector, public sector or both. It also delineates the maximum repayment term EXIM can offer in each market, if any, and highlights other conditions that must be present for EXIM to provide financing in a particular market. An analysis of the countries EXIM was open to support during this interval is critical to understanding the macroeconomic factors affecting EXIM's regional engagement during this time period. Presently, EXIM is only fully open for business in 18 of 49 countries, representing less than half of the region's markets. This limitation severely limits EXIM's ability to explore transactional opportunities, as the CLS is used to help assess EXIM's ability to achieve reasonable assurance of repayment in markets. In addition to the aforementioned factors, the report fails to highlight the effect that the COVID-19 pandemic had on US global exports, the economic stability of African countries, global supply chain disruptions, and a myriad of other key economic indicators. This global crisis, which lasted from March 2020 to May 2023, was one in which the contraction of EXIM operations was impacted by an initial reduction in US global exports, heightened reluctance of lenders to finance projects in lower income countries and increased regional financial and economic instability in Sub-Saharan Africa. The economic fallout of the pandemic accordingly contributed to EXIM's decreased regional activity.
 - EXIM's sub-Saharan Africa results need to be taken into the wider context of (1) EXIM's mission and (2) bankability across the continent.
 - In terms of intensity of support, it should be noted that sub-Saharan Africa is EXIM's largest credit exposure by geographic region at 25%, despite SSA being the smallest region globally as a destination for U.S. exports.

- In looking at comparables, it should be noted that financial institutions whose mission is development impact (not US exports) show similar levels of support despite having untied financing and a focus on developing markets. According to their annual reports, DFC's total SSA credit exposure is \$10.5 billion and IFC's is \$12 billion. The African Development Bank, whose mission is to support Africa's development and whose countries make up AfDB's shareholding evidences annual authorization's for FY2023 at \$8 billion. This underscores the reality that underwriting bankable deals in SSA is difficult, particularly when the scope is limited to just U.S. exports.

OIG Finding 3: EXIM's Sub-Saharan Africa Programs and Policies Had a Small Positive Impact on Employment in the United States.

- In this section, the OIG report assesses the relationship between EXIM-supported trade to Sub-Saharan Africa against total U.S. trade volumes to improve exporter competitiveness. With respect to EXIM's domestic content policy, EXIM is committed to identifying ways in which it can enhance its domestic content policy to improve exporter competitiveness. It does this in consultation with several stakeholders across U.S. government agencies and the private sector, including labor unions which have a strong belief in a high domestic content policy. While content is a Board established policy, it reflects EXIM's core mission to support U.S. jobs and the previously mentioned stakeholders, and their supporters in Congress, have strongly held, diametrically opposed ideas of what the appropriate domestic content policy should be in order to best support U.S. jobs. To this end, further discussion on these elements would help paint a more comprehensive picture of the complexity of EXIM's content policy and the inherent limitations that affect EXIM's competitiveness in this area.

OIG Finding 4: EXIM-Supported Trade Did Not Impact Employment in Sub-Saharan Africa During the Evaluation Period.

- In this section, the OIG report assesses the relationship between EXIM-supported trade to Sub-Saharan Africa and employment in the region. The OIG correctly highlights EXIM's mission to support US exports and bolster job growth in the United States. It adds, however, the potential outcome of simultaneous "jobs creation in both the United States and Sub-Saharan Africa. "
 - Simultaneous job creation is an outcome heavily dependent on the ability of EXIM staff to attract bankable projects and manage a pipeline that effectively results in increased and sustained authorizations in Sub-Saharan countries. As previously discussed in our response to Findings 1 and 2, this outcome was adversely affected by EXIM's limited ability to perform critical functions during the relevant assessment period due to its lapse in authorization, lapse in Board quorum, and global economic shocks sustained as a result of the COVID-19 pandemic.
 - Additionally, as an export credit agency with a mission to support U.S. jobs and not a financial institution focused on development impact, EXIM has not historically tracked jobs created in the foreign market.

OIG has made nine recommendations below. The following is the EXIM response. EXIM concurs with all nine recommendations and will move forward with implementing them.

Recommendation 1: EXIM's Office of the Chair should designate a lead office or officials responsible for coordinating development, oversight, and implementation of a sub-Saharan Africa specific strategy to address the Sub-Saharan Africa Mandate (hereafter referred to as the "Lead Official or Officials"). The Lead Office or Officials should coordinate with other EXIM offices and liaise with external stakeholders, including but not limited to the SAAC and other U.S. Government agencies and between sub-Saharan Africa importers and U.S. exporters to rebuild relationships, establish and monitor key performance indicators, and report regularly to the Board and EXIM Chair.

Management response: EXIM concurs with this recommendation to assign the leadership and coordination of EXIMs' sub-Saharan strategy to a designated team. In 2022, EXIM re-created the Office of Global Business Development to coordinate and lead international business development, which includes the Africa region. GBD currently performs this function through oversight and management from its Senior Vice President and Senior Advisor for Africa, Vice President, and Director for Africa, who develop, implement, and monitor the SSA mandate, working in collaboration with internal EXIM divisions and interagency partners. However, EXIM had not formally designated GBD as the sole lead.

Recommendation 2: The Lead Office or Officials should develop a specific strategy to address the Sub-Saharan Africa Mandate. This strategy should provide a unified direction and shared vision of EXIM offices and staff and communicate EXIM's commitments and strategy to interagency partners in the U.S. Government and other stakeholders.

Management Response: EXIM concurs with this recommendation. GBD will formalize its strategy to guide the agency's international business development operatives, including SSA. The strategy will continue to align with EXIM's strategic plan. GBD will also formally enhance its strategy to note a specific focus on sub-Saharan Africa.

Recommendation 3: EXIM's Office of the Chair should integrate the Sub-Saharan Africa Mandate strategy within the broader EXIM Strategic Plan to re-enforce that the Sub-Saharan Africa Mandate is central to EXIM's overall strategic planning.

Management Response: EXIM notes recommendation three and concurs by noting that this is already included within EXIM's strategic plan. Please see objective 2.2 of EXIM Bank's Strategic Plan FY 2022-2026 -- "Objective 2.2: Facilitate greater support by U.S. commercial banks to increase exports of U.S. manufactured goods and services to Sub-Saharan Africa."

Recommendation 4: The Lead Office or Officials should develop a plan to enhance collaborative efforts with the Department of Commerce, the Trade Promotion Coordinating Committee (TPCC), and other relevant government agencies, such that EXIM could play a more prominent role in trade discussions and initiatives concerning sub-Saharan Africa.

Management Response: EXIM concurs with this recommendation.

Recommendation 5: The Lead Office or Official should establish effective metrics to measure EXIM’s Sub-Saharan Africa Mandate performance to inform the growth strategy (e.g., the number of U.S. exporters, lenders, and importers in sub-Saharan Africa reached, relationships established, total commitments and authorizations, and export value). The Sub-Saharan Africa Mandate performance metrics should also be incorporated within the next EXIM Annual Performance Plan.

Management Response: EXIM concurs with this position and continues to track metrics on the success of this initiative. We will continue to look at both input metrics (e.g., the number of U.S. exporters, lenders, and importers in sub-Saharan Africa reached, webinars and conferences attended, relationships established, meetings with SSA stakeholders/clients, etc.) and output metrics (e.g., total commitments and authorizations, and export value, etc.). On the latter, it should be noted that issues outside of EXIM Bank (e.g., debt sustainability, commodity markets, the relative price of the dollar, manufacturing facility sourcing, engineering standards, etc.) affect output-focused metrics and should be taken into context.

Recommendation 6: EXIM’s Office of Board Authorized Finance should conduct a comprehensive review of the application process to identify the primary factors within the documentation phase that contribute to the lag between authorization and disbursements and devise strategies to remedy these shortcomings.

Management Response: EXIM conditionally concurs with this recommendation but would like to clarify that the Office of General Counsel (OGC) is charged with drafting, negotiating, and executing the documentation of medium- and long-term transactions. OGC notes that its attorneys were not contacted to provide information with respect to the documentation of transactions, as it relates to EXIM’s effectuation of its Sub-Saharan Africa mandate. OGC welcomes the opportunity to share information with the OIG and its contractors and will conduct a comprehensive review of the documentation of transactions between Board authorization.

Recommendation 7: EXIM’s Office of Global Business Development should devise a detailed plan to directly engage importers in sub-Saharan Africa that are not already engaging with EXIM’s sub-Saharan Africa programs. The office must ensure that the plan is incorporated as an integral part of the overarching strategy devised by the Lead Office or Officials .

Management Response: EXIM concurs with this recommendation. EXIM’s GBD office devises plans for African outreach, particularly on the international buyer side of transactions. This work is focused on the three themes that guide GBD’s overall office outreach – education and marketing, transactional development and direct sales, and partnership development. This is evidenced by the various MOUs, approved transactions, business development missions, and significant interactions between the public and private sectors. EXIM welcomes this recommendation and will seek avenues to further incorporate this plan as an integral part of our overarching strategy.

Recommendation 8: The Lead Office or Officials should devise a plan to directly engage U.S. businesses that are not already engaging with EXIM’s sub-Saharan Africa programs.

Management Response: EXIM concurs with this recommendation. EXIM’s GBD office devises plans for African outreach, particularly on the international buyer side of transactions. While EXIM does

domestic exporter outreach, it is typically conducted through EXIM's Office of Small Business (OSB). OSB performs the majority of EXIM's domestic export-oriented outreach, given its mission, capacity, and domestic office network. EXIM concurs with this recommendation and will continue supporting OSB to ensure this outreach to US Businesses is effectively implemented.

Recommendation 9: EXIM's Office of Policy Analysis and International Relations should conduct an analysis of the potential impacts of lowering the mandated domestic content policy for EXIM programs targeted to sub-Saharan Africa on U.S. jobs and present its findings to EXIM's Board of Directors.

Management Response: EXIM concurs with this recommendation of conducting a study on assessing the potential U.S. impact of lower domestic content. Management cannot commit to the Board making any specific modifications or revisions to the domestic content policy.

CC:

The Honorable Reta Jo Lewis, President and Chair of the Board of Directors
Brad Belzak, Senior Vice President and Chief of Staff
Hazeen Ashby, Deputy Chief of Staff and White House Liaison
Larry Decker, Senior Advisor to the President and Chair
James Burrows, Senior Vice President and Chief Banking Officer
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