



“Strengthening American Competitiveness:
Examining the Roles of the U.S.
International Development Finance
Corporation, Export-Import Bank of the
United States, and Millennium Challenge
Corporation”

Written Testimony before the United States Senate
Committee on Appropriations
Subcommittee on State, Foreign Operations, and Related Programs

Statement by:
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Chairman Coons, Ranking Member Graham, and Members of the Subcommittee, thank you for inviting me to provide written testimony regarding the work of the Office of Inspector General (OIG) for the Export-Import Bank of the United States (EXIM). I appreciate the Subcommittee's interest in and support for OIG's work.

I would like to use this opportunity to highlight OIG's oversight of EXIM programs and operations, including the major management challenges we have identified for EXIM. OIG believes focusing on EXIM's major management challenges is central to the agency's ability to ensure U.S. exporters can compete in overseas markets and that the agency can successfully advance American interests abroad. This testimony will also describe OIG initiatives, the impact of our work, and some of our upcoming projects.

OIG's Oversight of EXIM

It is my honor to have led EXIM OIG for the last two years—since March 2022. OIG audits, investigations, inspections, evaluations, and other reviews promote the economy, efficiency, and effectiveness of EXIM programs and operations, and prevent, detect, and deter fraud, waste, abuse, and mismanagement. OIG is responsible for oversight of EXIM's exposure tied to outstanding loans, guarantees, and insurance; the agency reported its total exposure as \$34.1 billion in FY 2023. EXIM further reported that it authorized \$8.77 billion in transactions supporting approximately \$10.6 billion in U.S. export sales in FY 2023.

OIG's oversight of EXIM yields significant return on taxpayer investments. For every dollar spent on its budget since FY 2015, EXIM OIG has doubled Congress' investment from its investigations alone. During this same period, OIG has secured 36 convictions against parties who attempted to defraud the U.S. Government, resulting in approximately \$126 million in recoveries via criminal and civil court-ordered forfeiture and restitution, fines, civil settlements, and assessments. In addition, OIG's audits, inspections, evaluations, and reviews similarly protect taxpayer funds by promoting positive change, improving the efficiency of EXIM programs and operations, and preventing the misappropriation of government funds. Since FY 2015, OIG has made 407 recommendations to improve the operations and programs of EXIM and identified \$10.2 million in questioned costs and funds put to better use.

OIG's ability to promote positive change at EXIM is dependent, in part, on the agency's willingness and ability to implement our recommendations. OIG continues to work with EXIM on the timely closeout of OIG recommendations. Currently, OIG has 50 open recommendations for agency action, including two recommendations that OIG considers significant, both of which have been open for more than seven years.

EXIM Management Challenges

Each year, OIG identifies the major management and performance challenges facing EXIM. Our most recent management challenges report¹ identifies five top challenges for EXIM. I encourage the Subcommittee to consider each of the challenges identified in our report. However, for the purposes of this written testimony, I wish to highlight for the Subcommittee two challenges that OIG believes are particularly significant and the subject of recent, ongoing, and planned OIG oversight. Specifically, OIG has identified that EXIM faces challenges with respect to the agency's organizational culture and its mission of advancing U.S. economic and strategic interests.

Improving Organizational Culture

OIG identified a new management challenge in FY 2023 related to EXIM's organizational culture. Specifically, OIG identified a lack of unity among EXIM's senior leadership team as well as declining employee morale across the agency. OIG views these dynamics, combined with high attrition, extended vacancies in key positions, and challenges in recruiting and retaining a skilled workforce, as the most significant challenge facing the agency. As noted in our management challenges report, this challenge is central to EXIM's ability to execute its mission and address other programmatic challenges that OIG identified.

Achieving Unity as a Senior Leadership Team

To produce OIG's most recent major management challenges report, between May and July 2023, my team interviewed 19 senior EXIM officials, including the President and Chair, other members of the Board of Directors, officers at the senior vice president level, and other EXIM officials in positions of senior responsibility. These interviews indicated that EXIM's senior leaders had differing visions for the organization and nearly half of the EXIM officials interviewed told OIG that EXIM's senior leadership team lacked unity. Several senior leaders criticized slow and insular decision-making processes that required most decisions to go to the Chair. Other officials indicated a view that specific EXIM senior leaders were intentionally refusing to execute the Chair's vision for the organization and resisting efforts to be held accountable for their performance.

Officials interviewed by OIG also described examples of behaviors by specific members of EXIM's senior leadership team that they found to be problematic. Multiple officials expressed concerns about bullying behavior by some EXIM senior leaders. Other senior leaders told OIG they believed a lack of inclusion for leaders from diverse backgrounds was a factor that contributed to the divisions among the leadership team.

EXIM has experienced a high rate of attrition at the senior vice president and equivalent level in recent years. When OIG published our major management challenges report in September 2023, we were aware of at least five such departures during calendar year 2023—an attrition

¹ OIG, [Fiscal Year 2023: Major Management Challenges](#) (OIG-O-23-02, September 2023).

rate of approximately 33 percent based on the 15 such positions on EXIM's September 2023 organizational chart. Multiple officials told OIG the high number of past or pending senior level departures was a sign of dissatisfaction among some members of the leadership team. Officials also told OIG that increased turnover at the senior level impeded the organization's effectiveness. EXIM continued to experience high attrition in senior positions during FY 2024. For example, EXIM's Chief Financial Officer, General Counsel, Senior Vice President for the Office of Board Authorized Finance, and Senior Vice President for China and Transformational Exports have all departed since October 1, 2023.

Addressing Declining Employee Morale

Issues of employee morale have extended to the broader EXIM workforce, as indicated by a significant decline in EXIM's employee engagement scores based on the Office of Personnel Management's Federal Employee Viewpoint Survey (FEVS). Specifically, EXIM went from 12th place in the Partnership for Public Service's 2021 analysis of the Best Places to Work in the Federal Government® to last among 30 small agencies in 2022. Preliminary results from the 2023 FEVS survey indicate that EXIM employee morale continued to decline, with EXIM's global satisfaction score dropping a further 13.5 points in 2023; a total decline of more than 30 points over the last two years for which FEVS results are available.

In OIG's conversations with EXIM's senior leaders, officials attributed EXIM's declining morale to several factors. Some EXIM officials told OIG that the leadership environment, described above, was a factor. In a 2023 survey of departing EXIM employees conducted by the Office of Personnel Management, 40 percent said they left because of leadership or management concerns. Other officials interviewed by OIG cited reduced work-life flexibilities related to EXIM's increasing in-office presence, disrespectful interactions between employees, and understaffing as factors contributing to the worsening morale. Officials described several steps EXIM was taking to address employee concerns, including improved internal communications and new, mandatory training for supervisors.

Managing Human Capital

The issues OIG identified related to EXIM's organizational culture were associated with long-standing challenges related to EXIM's management of human capital, including high attrition rates, extended vacancies in key positions, and challenges in recruiting and retaining a skilled workforce. Some of EXIM's human capital challenges related to its own human capital office. For example, EXIM's Office of Human Capital experienced multiple employee departures in FY 2023 and, until last year, lacked a permanent chief human capital officer for nearly two years. Moreover, senior EXIM officials told OIG that hiring actions processed by the Office of Human Capital generally involved long lead times and, in some cases, did not yield candidates of sufficient quality.

EXIM's employee attrition rate is significantly higher than federal averages. Over the past six years, EXIM experienced an average rate of attrition of 14 percent each year between 2018 and 2023. By contrast, the government-wide attrition rate for FY 2021 was 6.1 percent. Results from

the 2023 FEVS survey indicate that 53.1 percent of EXIM employees were considering leaving the agency within the next year.

As noted in OIG’s major management challenges report, EXIM experienced protracted vacancies in key positions throughout FY 2023, including vacancies associated with the Office of the Chief Management Officer. For example, the Office of the Chief Financial Officer estimated in August 2023 that approximately 13 of 40 authorized positions were already or would soon become vacant. In addition to the senior level departures, described above, which have occurred since the beginning of FY 2024, OIG is aware of continued turnover and vacancies in lower-graded positions.

Finally, EXIM faces persistent challenges in recruiting and retaining a skilled workforce. Nearly a quarter of EXIM’s workforce is retirement eligible. Moreover, EXIM competes for talent with the private sector, other federal agencies with access to the prestigious Senior Executive Service, and hybrid agencies with special pay authorities such as those covered under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.²

In the coming weeks, OIG will publish the results of an ongoing evaluation of EXIM’s human capital management function.

Advancing U.S. Economic and Strategic Interests

As described in OIG’s major management challenges report, EXIM faces challenges related to its ability to compete with foreign export credit agencies (ECAs) and meet goals associated with congressional mandates and other national interest objectives. In addition, EXIM has been unable to resume levels of business activity similar to those that preceded the 2015 lapse in the agency’s authorization. Collectively, these factors hinder EXIM’s ability to execute its core mission of supporting American jobs, while also advancing priority U.S. economic and strategic interests.

Enhancing Competitiveness and Modernizing EXIM Business Practices

OIG identified that EXIM faces significant competition from foreign ECAs, and the agency has been slow to modernize its business practices. For example, EXIM’s *2022 Competitiveness Report*³ characterizes the ECA sector as being in a period of transition. In its statement within the report, EXIM’s Advisory Committee expressed concern that EXIM appeared to be “set in its ways, maintaining the status quo [and] passively waiting for transactions.” EXIM’s survey of stakeholders also indicated that:

- EXIM is viewed as less competitive than other ECAs;
- Content requirements, interest rates/prices, and prioritization are the main competitiveness concerns; and

² Pub L. No. 101-73.

³ Export-Import Bank of the United States, [Report to the U.S. Congress on Global Export Credit Competition](#) (June 2023).

- Customers would like to see more business orientation and faster processing speed.

In a 2023 evaluation, OIG found that EXIM's competitiveness in relation to other ECAs that are party to the Organization for Economic Cooperation and Development Arrangement has decreased over the past decade.⁴ Specifically, the evaluation found that EXIM's product offerings remain competitive with other ECAs. However, EXIM's ECA competitors increasingly offer a wider variety of products. The evaluation also identified statutory and policy limitations, stringent requirements for EXIM's Board review and approval for certain transactions, and the agency's internal review processes as factors contributing to EXIM's reduced competitiveness.

Achieving Statutory Goals and National Interest Objectives

EXIM continues to face difficulties in meeting the goals associated with congressional mandates and other initiatives that seek to advance U.S. national interest objectives. In accordance with EXIM's Charter, the agency operates under various congressional mandates to make portions of its exposure cap available for transactions involving U.S. small businesses, sub-Saharan Africa, the export of environmentally beneficial goods and services, and exports related to the China and Transformational Exports Program (CTEP). In FY 2023, EXIM increased its total authorizations related to these mandates compared to FY 2022 levels. However, OIG has previously identified that additional progress is needed to meet the specific congressional goals related to EXIM's mandates.⁵

OIG recently initiated work related to EXIM's congressional mandates. In a recent evaluation of EXIM's sub-Saharan Africa mandate, OIG 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 the period reviewed. In addition, the evaluation found that EXIM programs and policies in sub-Saharan Africa had a small positive impact on employment in the United States but had no impact on employment in sub-Saharan Africa.⁶ OIG is currently conducting evaluations of EXIM's mandates related to environmentally beneficial goods and services and CTEP, which OIG anticipates publishing before the end of FY 2024.

EXIM is increasingly considering transactions that advance national interest objectives. For example, EXIM recently approved its first transaction in Ukraine—a \$156.6 million loan for the sale of U.S.-manufactured locomotives—following Russia's 2022 invasion.⁷ EXIM estimated that the transaction would support 800 U.S. jobs. Similarly, EXIM announced the creation of the Make More in America Initiative in 2022 to close supply chain gaps by providing domestic financing. In OIG's FY 2022 management challenges report, we noted that EXIM had not

⁴ OIG, [Comparative Analysis of U.S. and OECD Arrangement Export Credit Agencies](#) (OIG-EV-23-03, September 2023).

⁵ See OIG, [Audit of EXIM's Implementation of Key Provisions of the 2019 Reauthorization Act and Other Priorities](#) (OIG-AR-22-08, September 30, 2022).

⁶ OIG, [Evaluation of EXIM's Sub-Saharan Africa Mandate](#) (OIG-EV-24-01, May 13, 2024).

⁷ Export-Import Bank of the United States, [Export-Import Bank of the U.S. Chair Lewis Announces Historic Financing for Ukrainian Railways During Visit to Ukraine](#) (April 10, 2024).

allocated dedicated resources for the Make More in America Initiative.⁸ OIG intends to initiate new oversight work related to these activities, including the Make More in America Initiative in FY 2025.

Resuming Business Activity and EXIM's Self-Financing Status

EXIM faces challenges resuming previous levels of business activity, which adversely affects the agency's self-financing status. However, annual authorizations increased markedly in FY 2023. EXIM's total authorizations in FY 2023 increased to \$8.77 billion, a \$3.53 billion (67 percent) increase over FY 2022 authorizations. Despite this increase, total authorizations remain below the levels that occurred prior to the 2015 lapse in EXIM's authorization. EXIM's statutory authority lapsed between July 1 and December 4, 2015. Between December 2015 and May 2019, a lack of quorum on EXIM's Board of Directors prevented the agency from authorizing transactions in excess of \$10 million. As a result, the total value of EXIM's annual authorizations declined by nearly 84 percent. EXIM regained a Board quorum in 2019, and Congress subsequently reauthorized the agency through December 31, 2026.

Declining levels of business activity have prevented EXIM from resuming its self-financing status because collected fees are insufficient to offset the appropriated funding required to sustain the agency's operations. In FY 2023, EXIM repaid \$44.5 million of its administrative costs with offsetting collections, while the remaining \$80.5 million in administrative costs was covered by the agency's annual appropriation. OIG notes that year-over-year offsetting collections increased by \$10.4 million (30.5 percent) from FY 2022 to FY 2023. EXIM indicated in its FY 2025 Congressional Budget Justification⁹ that the agency expects to resume its self-financing status in FY 2025.

EXIM OIG Initiatives

I want to thank the Subcommittee for its continued support for my office and our important oversight work. OIG has utilized the additional resources Congress provided to OIG in FYs 2023 and 2024 to strengthen our oversight of EXIM and enhance our independence in key management functions.

EXIM OIG operated without a permanent inspector general for more than eight years before my arrival in 2022. During this period, OIG's production of audit, inspection, and evaluation reports declined by over 40 percent. The number of on-board OIG staff also declined significantly. One of my first tasks as Inspector General was to commission a baseline review of the office so I could know what was working, what was not, and develop a plan to maximize the impact of every dollar Congress invests in OIG's oversight of EXIM. I wanted to ensure OIG was staffed and resourced to properly oversee congressionally mandated programs like the China and Transformational Exports Program, as well as EXIM's consideration of transactions that advance national interest objectives, such as those described above.

⁸ See OIG, [Fiscal Year 2022 Major Management Challenges](#) (OIG-O-22-01, September 30, 2022).

⁹ Export-Import Bank of the United States, [FY 2025 Congressional Budget Justification](#).

I am proud to share that OIG has achieved several accomplishments in the last two years that are directly tied to the additional resources we received from Congress. In FY 2023, OIG increased its production of audit, inspection, and evaluation reports, achieving more than a 50 percent year-over-year increase in the number of reports. In addition to quantity, we have also prioritized improvements to the timeliness and quality of our work product, including through the establishment of a new component office focused on conducting agile oversight of EXIM. Since my arrival, OIG has also achieved peer review ratings of pass (the highest rating available) for our audit, inspection and evaluation, and investigation functions. Finally, OIG has prioritized strengthening our independence in management functions. For example, OIG recently assumed responsibility for processing its own hiring and other personnel actions this year—a shift that allows OIG to recruit and onboard the staff necessary to conduct our mission. Earlier this year, OIG launched a new website on the Council of the Inspectors General for Integrity and Efficiency’s oversight.gov platform, eliminating our dependence on EXIM employees to maintain OIG’s website.

I take seriously my statutory requirement to keep the Congress fully and currently informed of OIG’s work. I look forward to continuing to engage with this Subcommittee to share the results of our oversight and ensure that our oversight planning is responsive to congressional areas of interest.

Conclusion

Again, I thank Chairman Coons, Ranking Member Graham, and the other Members of the Subcommittee for the opportunity to submit this written testimony. I appreciate this Subcommittee’s continued support for and interest in OIG’s work. I want to conclude by emphasizing that OIG’s accomplishments are a credit to the talented and committed employees who I have the privilege to lead; I thank them for their hard work and dedication to OIG’s mission.