



Management Advisory: EXIM's Process for Advancing Oil and Gas Transactions for Board Approval Needs Improved Transparency



OIG-O-25-05
March 31, 2025

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



MANAGEMENT ADVISORY

To: James Cruse
Acting EXIM President and Chair of the Board of Directors

Bryan Rolfe
Senior Vice President
Office of Board Authorized Finance

Victoria Coleman
Acting General Counsel

From: Eric Rivera
Assistant Inspector General for Audits

Subject: Management Advisory: EXIM's Process for Advancing Oil and Gas Transactions for Board Approval Needs Improved Transparency (OIG-O-25-05)

Date: March 31, 2025

ERIC RIVERA
Digitally signed by ERIC RIVERA
Date: 2025.03.31 19:57:48 -04'00'

Executive Summary

The Office of Inspector General (OIG) conducted research to understand the Export-Import Bank of the United States' (EXIM) handling of oil and gas transactions, particularly the Mozambique Liquefied Natural Gas (LNG) project.¹ OIG initiated this research project in response to concerns stakeholders raised with OIG about perceived delays in EXIM's processes for reviewing and scheduling oil and gas transactions for consideration by the Board of Directors (Board). The intent of OIG's research was to examine EXIM's processes related to oil and gas transactions. Accordingly, OIG neither assessed nor opined on the rationale behind EXIM's funding decisions within the scope of this research.

OIG did not find evidence that delays in oil and gas transactions were deliberate or in violation of the provisions of EXIM's Charter which prevent discrimination based on industry, sector, or business. However, EXIM officials told OIG that some oil and gas transactions, including the

¹The Mozambique LNG project is a large-scale energy development located in Mozambique's Rovuma Basin, aimed at exporting natural gas to global markets. The project, initially approved by EXIM's Board of Directors in September 2019, represents the largest financing commitment in EXIM's history, with up to \$4.7 billion in authorized funding. Following security concerns and a force majeure declaration in 2021, an amendment to adjust the project timeline was approved by EXIM's Board of Directors on March 13, 2025.

Mozambique LNG project, experienced prolonged processing times.² The absence of documentation explaining these perceived delays contributed to stakeholder concerns about fairness and consistency.

OIG identified three primary issues affecting EXIM's transaction processing: (1) a lack of transparency in decision-making, leading to perceptions of bias in how transactions are evaluated; (2) the absence of criteria for determining when and how transactions are scheduled for Board review, creating inconsistencies in processing; and (3) staffing shortages in key technical areas. These factors collectively raised concerns about ensuring objective decision-making in alignment with EXIM's Charter. Strengthening transparency, establishing criteria for advancing transactions to the Board, and addressing resource constraints will help EXIM fulfill its obligations under its Charter, and improve stakeholder confidence in the integrity of EXIM processes.

This report contains three recommendations aimed at improving transparency and formalizing decision-making criteria. OIG did not include a recommendation in this report to address staffing concerns because OIG previously identified human capital concerns and issued corresponding recommendations.³ In its comments on the draft report, EXIM concurred with all three recommendations. OIG considers recommendations two and three resolved. Based on EXIM's response, recommendation one remains unresolved as the agency's proposed action did not meet the intent of the recommendation. OIG will work with EXIM to resolve recommendation one. EXIM's formal response to this management advisory is reprinted in its entirety in Appendix A.

OIG conducted this work in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Federal Offices of Inspector General*.⁴ OIG believes that the evidence obtained provides a reasonable basis for the findings and recommendations outlined below.

² In conducting this research, OIG requested supporting documents from EXIM for oil and gas transactions approved between September 2020 and July 2024. During this period, EXIM approved approximately 96 oil and gas transactions, with 12 transactions exceeding \$25 million. EXIM staff stated the Mozambique LNG transaction was subject to additional due diligence, resulting in a longer review and processing period. As noted in this report, EXIM lacked documentation on average processing times for oil and gas transactions, preventing OIG from measuring and comparing transaction processing times, including any delays. EXIM officials told OIG that oil and gas transactions are generally subject to longer processing times due to their complexity.

³ OIG, [Evaluation of EXIM's Human Capital Function](#) (OIG-EV-24-03, August 14, 2024).

⁴ Council of the Inspectors General on Integrity and Efficiency, [Quality Standards for Federal Offices of Inspector General](#) (August 2012).

Background

As the United States' official export credit agency, EXIM is tasked with supporting U.S. exporters through financing mechanisms that include loans, guarantees, and insurance. Under Section 2(k) of its Charter, EXIM must consider financing applications without discrimination based on industry, sector, or business.

EXIM's Process for Transactions Requiring Board Approval

The Board is responsible for authorizing financing transactions and reviewing environmental and social considerations before approval. EXIM requires Board approval for transactions exceeding \$25 million. The Board consists of the President and Chair, the Vice President and Vice Chair, and three EXIM Directors. Article I of the EXIM Bylaws states that the Chair shall call and preside at all meetings of the Board, providing the Chair discretion in deciding which transactions are introduced for a vote. While not all transactions are automatically presented to the Board, decisions on which transactions advance must not be solely based on industry, sector, or business.

According to EXIM's Annual Management Report for Fiscal Year (FY) 2024, the agency authorized approximately \$8.4 billion in financing during that fiscal year, a slight decrease from FY 2023, where EXIM authorized approximately \$8.8 billion. Within this portfolio, EXIM financed approximately \$518.9 million in oil and gas transactions, representing 6.18% of its total financing for FY 2024.

EXIM's transaction review process follows several key stages:

1. **Initial Review:** Applications are screened by EXIM's underwriting and policy teams to ensure alignment with EXIM's Charter, statutory requirements, and risk criteria. This stage determines whether a transaction meets EXIM's eligibility requirements, including U.S. content standards and environmental and social impact considerations.
2. **Transaction Review Committee (TRC):** The transaction undergoes three levels of internal review:
 - TRC 1: Initial assessment by underwriting and policy teams to determine feasibility and alignment with EXIM's strategic objectives.
 - TRC 2: Risk and financial analysis conducted by EXIM's credit, legal, and environmental teams to assess compliance with EXIM policies and international standards.
 - TRC 3: Final internal review by senior leadership, including the Chief Banking Officer, General Counsel, Chief Risk Officer, and Senior Vice Presidents who

evaluate the transaction's readiness for Board consideration. Upon clearance from TRC 3, staff prepares a decision memorandum for the Chair's review.

3. **Board Review and Vote:** If the Chair decides to move a transaction forward, it is placed on the Board agenda for review and voting. The Board evaluates the transaction based on EXIM's statutory mandate, risk exposure, and policy considerations. Approval is required for EXIM to legally commit funds to the transaction.
4. **Post-Approval Activities:** Once approved, the transaction moves into the implementation phase, which includes finalizing contracts, managing amendments, and disbursing funds. EXIM's credit administration and legal teams oversee compliance with loan agreements, ensuring that all conditions are met before funds are released.

Potential delays may occur at any stage due to factors such as additional due diligence requirements, sponsor negotiations, and internal resource constraints. EXIM officials stated that certain project finance transactions, such as Mozambique LNG project, take years to finalize due to their complexity, while smaller, less complex transactions can be processed more quickly.

Section 2(b)(1)(J) of EXIM's Charter requires the agency to implement an electronic system to track all pending transactions of the Bank. Currently, EXIM does not maintain a comprehensive electronic tracking system that meets this statutory obligation.

As part of its research, OIG reviewed multiple oil and gas transactions and found, based on EXIM officials' statements, that the Mozambique LNG project experienced longer delays than other projects, raising questions about the factors contributing to its extended timeline.⁵ However, because EXIM does not maintain a formalized tracking system for transaction timelines, OIG was unable to independently assess the cause of any delays. The absence of comprehensive transaction tracking continues to limit EXIM's ability to provide transparency regarding transaction processing times.

EXIM's Mozambique LNG Transaction

The Mozambique LNG project was initially approved by the Board, under the leadership of then-Chair and President Kimberly Reed, who was confirmed by the Senate in May 2019. At the time of approval, EXIM had recently regained a quorum on its Board after nearly four years, which previous lack of a quorum prevented the agency from approving large transactions. In May 2020, the Board approved an amendment to include additional offshore components, bringing the total financing commitment to \$4.7 billion—the largest transaction in EXIM's history. Ms. Reed departed the agency in January 2021.

⁵ As previously noted, OIG was unable to measure and compare transaction processing times, including any delays, due to insufficient agency data. OIG issued a recommendation in this report to address this limitation.

In April 2021, the Mozambique LNG project sponsors declared force majeure due to escalating security concerns following insurgent attacks in the Cabo Delgado region of Mozambique. As a result, EXIM halted disbursements, in line with standard risk management practices. In February 2022, EXIM's Chair and President Reta Jo Lewis assumed leadership of the agency. Security conditions in the Cabo Delgado region improved in 2023, leading the project sponsors to resume engagement with lenders. An additional amendment to adjust the project timeline was presented to EXIM's TRC on February 5, 2024, with staff recommending approval.

Despite the TRC's recommendation, Ms. Lewis did not schedule the amendment for a Board vote over the next 11 months citing, in part, security concerns. During a congressional hearing on May 15, 2024, Ms. Lewis was asked about the Mozambique LNG project. Ms. Lewis offered to review specific details of the transaction with Congressional stakeholders in a confidential setting. Section 3(c)(9) of EXIM's Charter provides that, at the request of any two Board members, the Chair must place an item related to EXIM's policies or procedures on the agenda for discussion within 30 days. Although this provision would not have obligated the Chair to schedule a vote on a specific transaction, it could have been utilized to force a discussion on a related policy issue (e.g., EXIM's non-discrimination Charter provision). OIG is aware of no such requests during this period. Ms. Lewis and two other Board members departed EXIM in January 2025. The Board regained quorum on February 28, 2025, after the President designated an Acting Chair and Acting Vice Chair. The Board ultimately approved the amendment on March 13, 2025.

The extended timeline for Board consideration, described above, raised questions regarding EXIM's internal processes for advancing transactions. While the delay coincided with the global COVID-19 pandemic and related operational disruptions, the absence of clear documentation explaining the prolonged review period contributed to stakeholder concerns about transparency and decision-making consistency.

This OIG engagement was initiated after OIG received concerns regarding perceived intentional delays in oil and gas transactions, particularly the Mozambique LNG project. The Mozambique project involved extensive environmental and social impact assessments, geopolitical risk evaluations, financial viability analyses, and compliance with international regulations. The project also required coordination among multiple stakeholders, long-term repayment structures, and risk mitigation strategies for factors like fluctuating commodity prices, political instability, and security threats.

OIG Conclusions

OIG found that EXIM lacked a transparent, standardized approach for evaluating and determining when transactions, including oil and gas projects, were advanced to the Board for a vote. Limited documentation on the agency's decision-making processes further exacerbated stakeholder uncertainty, making it difficult to understand the rationale behind delays on the official Board vote. Additionally, operational inefficiencies and resource constraints, particularly in technical areas, impacted EXIM's ability to process transactions efficiently.

OIG did not find evidence that delays were intentional. However, OIG found that EXIM lacks clear documentation and communication regarding why and when transactions are scheduled for Board review. Opportunities exist for EXIM to increase transparency when evaluating potential transactions, establish clearer criteria for advancing transactions to the Board, and address resource constraints. Strengthening these areas would help EXIM meet its statutory obligation to consider all eligible transactions in a fair, objective, and efficient manner.

Lack of Transparency Leads to the Perceptions of Bias in Evaluating Transactions

OIG did not find evidence of bias in EXIM’s decision-making for oil and gas transactions. However, EXIM’s lack of transparent information led to stakeholder concerns about fairness. Although interviews with EXIM officials indicated that the agency reviews all transactions regardless of industry, EXIM did not clarify the criteria for implementing the non-discrimination provisions of EXIM’s Charter. In addition, EXIM does not consistently track or communicate the rationale behind perceived delays. This makes it difficult for stakeholders—including borrowers, Congress, and exporters—to understand the complex transaction review and decision-making process.

Section 2(k) of EXIM’s Charter prohibits discrimination based on industry, sector, or business, reinforcing the need for an objective and consistent approach to evaluating transactions. However, EXIM noted that exceptions exist as provided for in the Charter, such as notifications under Section 2(b)(1)(B) and the authority under Section 11(a)(2), which allows the Board to withhold or approve financing based on environmental considerations in accordance with internationally recognized standards.

Section 2(b)(1)(J) of the Charter mandates that EXIM implement an electronic system to track all pending transactions, reinforcing the expectation that the agency can document and justify its decisions. In addition, the Standards for Internal Control in the Federal Government (the Green Book) further emphasize that management should define objectives clearly to enable the identification of risks and define risk tolerances, which will ensure decisions are free from bias and aligned with organizational objectives.⁶ Together, these provisions establish that EXIM should have clear and structured processes to ensure accountable and consistent transaction evaluation and approval. Furthermore, the Green Book emphasizes that management should implement control activities through policies which will guide decision-making and promote consistency. Clear, documented criteria are essential to mitigating risks and ensuring that decisions align with EXIM’s statutory obligations and governance framework.

⁶ Government Accountability Office, [Standards for Internal Control in the Federal Government](#) (Green Book), GAO-14-704G, September 2014.

While EXIM’s Charter prohibits discrimination based on industry, sector, or business, the EXIM Office of the General Counsel (OGC) has not clarified what constitutes discrimination under Section 2(k) of the Charter with regard to the transaction review process.

Additionally, EXIM is not in compliance with the statutory obligation to maintain an electronic tracking system for all pending transactions. EXIM previously maintained a system to track transaction processing timelines within transaction summaries but later discontinued this practice. EXIM officials did not specify when or why the formalized tracking system was eliminated but stated that it was deemed inefficient for project finance transactions. No alternative mechanism has been implemented to enhance transparency by tracking timelines or documenting reasons for delays.

Finally, while EXIM reports that it regularly communicates with applicants and stakeholders and follows an established underwriting process, the agency does not have a formalized public-facing framework to communicate non-sensitive updates on the progress of transactions once they enter extended periods of review. For example, although EXIM staff stated that the Mozambique LNG project’s second amendment was not formally requested by the borrower until January 2024, the time between the initial Board approval in September 2019 and the subsequent vote on the amendment in March 2025 contributed to stakeholder perceptions of delay. EXIM noted that much of the information during this period was confidential and that status updates were communicated directly with the applicant. However, outside of occasional references to continued due diligence, EXIM did not publicly share non-sensitive information about the amendment’s progress. Without a structured, public-facing communication mechanism—such as consistent updates on the status of major transactions—stakeholders may find it difficult to understand the timing of key decisions, contributing to perceptions of opacity.

The absence of clear guidance, a tracking system, and a process for communicating non-sensitive transaction status to the public has contributed to a perception of bias regarding the treatment of certain industries, in this instance oil and gas. Without a formalized reporting mechanism, EXIM’s stakeholders lack visibility into the rationale behind transaction delays, raising concerns about whether EXIM is meeting its statutory obligations. This lack of transparency risks eroding trust in EXIM’s ability to execute its mission effectively.

Recommendation 1

The Office of the General Counsel (OGC) should issue and communicate guidance to the agency on ensuring and documenting how EXIM will comply with Section 2(k) of EXIM’s Charter throughout the transaction process, including timeline adjustments and delays.

Recommendation 2

The Office of Board Authorized Finance (OBAF) should develop and implement a formalized system for electronically tracking pending transactions and documenting the rationale behind timeline changes and delays for pending transactions. This process should include structured reporting mechanisms to provide non-sensitive, public-facing updates on major transactions, strengthening stakeholder engagement, increasing transparency, and ensuring compliance with EXIM's statutory obligations under Section 2(b)(1)(J) of the EXIM Charter. Additionally, EXIM should consider establishing performance benchmarks for different transaction types to help manage processing expectations while accounting for necessary due diligence and risk assessments.

Lack of Criteria for Advancing Transactions to the Board Raises Concerns about the Appearance of Fairness

OIG also found that EXIM has not established criteria for determining which transactions advance to the Board for approval, resulting in inconsistencies in how transactions are processed. Currently, the decision to advance transactions relies solely on the discretion of the Chair, with no structured framework to guide or document these decisions. While discretion in decision-making is an essential function of leadership, the absence of standardized criteria raises concerns about fairness and transparency. Without clear guidelines, there is a heightened risk of perceived favoritism, as some transactions may be expedited while others face prolonged delays without a publicly documented rationale.

The absence of a structured framework for advancing transactions to the Board has resulted in an ad hoc process. EXIM officials confirmed that no formal criteria exist, with former Chair Reta Jo Lewis and Board members stating that decisions on transaction advancement are largely discretionary. One Board member stated, there is no written policy or criteria for advancing transactions for board approval; it ultimately depends on the Chair's discretion. Another senior EXIM official stated, "certain projects move faster due to external pressures, but there is no standardized framework guiding these decisions."

The lack of standardized criteria contributes to perceptions of industry favoritism and raises concerns about EXIM's adherence to its statutory obligations. The absence of a transparent process undermines stakeholder confidence and makes it difficult for borrowers, Congress, and exporters to understand how transactions are scheduled for Board consideration. Without clear guidelines, EXIM's ability to operate as a reliable and non-discriminatory export credit agency, as defined by EXIM's Charter, is at risk.

Recommendation 3

The Chair should coordinate with the Board to implement a process for advancing transactions for a vote that includes criteria that are objective, transparent, and compliant with Section 2(k) of EXIM's Charter.

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Agency-Wide Staffing Constraints Impact Transaction Processing

EXIM has faced persistent staffing shortages in critical areas such as environmental assessments and financial risk analysis, which may contribute to delays in processing complex transactions. These shortages, exacerbated by retirements and challenges in attracting skilled personnel, may create operational bottlenecks that hinder the timely processing of large and complex transactions such as the Mozambique LNG project.

The Green Book emphasizes that management should demonstrate a commitment to recruit, develop, and retain competent individuals to meet organizational needs. Additionally, prior findings from OIG's Evaluation of EXIM's Human Capital Function report identified challenges in EXIM's ability to recruit and retain skilled personnel, particularly in specialized roles essential to transaction processing.⁷ A structured workforce planning strategy is necessary to ensure that EXIM has the expertise required to evaluate and approve transactions efficiently.

Without sufficient technical staff to backfill critical positions, EXIM faces continued inefficiencies in transaction reviews and due diligence that could result in delayed U.S. export financing approvals. Processing delays could undermine EXIM's credibility as a reliable export credit agency. EXIM officials cited difficulties in attracting and retaining personnel with the necessary expertise, limiting EXIM's capacity to manage transaction workloads effectively. Further, the lack of structured knowledge transfer processes has compounded these issues, making it challenging to maintain operational efficiency as experienced staff depart.

OIG is not making a recommendation on this topic because OIG previously identified human capital concerns in the *Evaluation of EXIM's Human Capital Function* report.

Recommendations

This report contains three recommendations to improve EXIM's transparency in decision-making. In its comments on the draft report, EXIM concurred with all three recommendations. OIG considers recommendations two and three resolved. Based on EXIM's response, recommendation one remains unresolved as the agency's proposed action did not meet the intent of the recommendation. OIG will work with EXIM to resolve recommendation one.

⁷ OIG has previously identified human capital concerns within EXIM. In the *Evaluation of EXIM's Human Capital Function* report, Report Number OIG-EV-24-03, issued August 14, 2024, OIG highlighted challenges in workforce planning, recruitment, and retention, and provided recommendations to address these issues.

APPENDIX A: MANAGEMENT RESPONSE



Helping American Businesses Win the Future

DATE: March 31, 2025

TO: Eric Rivera, Assistant Inspector General, Office of Inspector General

THROUGH: Ravi Singh, Acting Senior Vice President & Chief Financial Officer **RAVI SINGH**

FROM: James Cruse, Acting EXIM President and Chair of the Board of Directors
Bryan Rolfe, Senior Vice President of Office of Board Authorized Finance
Victoria Coleman, Acting General Counsel

SUBJECT: EXIM Management Response to the draft *Management Advisory: EXIM's Process for Advancing Oil and Gas Transactions for Board Approval Needs Improved Transparency (OIG-0-25-05)*.

Digitally signed by RAVI SINGH
Date: 2025.03.31 19:19:07 -04'00'

Dear Mr. Rivera,

Thank you for providing the Export-Import Bank of the United States (“EXIM” or “EXIM Bank”) management with the Office of Inspector General’s (“OIG”) draft report for *Management Advisory: EXIM's Process for Advancing Oil and Gas Transactions for Board Approval Needs Improved Transparency (OIG-O-25-05)*, dated March 20, 2025 (the “Report”). EXIM’s leadership and management continue to fully support the OIG’s work, which we believe complements and enhances EXIM’s efforts to continually improve its processes. EXIM Bank is proud of the strong and cooperative relationship it has with the OIG and shares the OIG’s commitment to improving EXIM’s policies, procedures and operations. EXIM takes the non-discrimination provisions of its Charter very seriously and is encouraged by the fact that the OIG did not find any evidence that delays in oil and gas transactions were deliberate or in violation of the provisions of EXIM’s Charter that prevent discrimination based on industry, sector, or business.

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OIG made three recommendations. EXIM concurs with the three recommendations and will move forward with implementing these recommendations.

Recommendation 1: The Office of the General Counsel (OGC) should issue and communicate guidance to the agency on ensuring and documenting how EXIM will comply with Section 2(k) of EXIM's Charter throughout the transaction process, including timeline adjustments and delays.

Management response: EXIM concurs with this recommendation, subject to the qualification that such guidance be as appropriate in connection with each transaction and taking into account the wide variation in timelines resulting from different transaction structures and types of matters financed. OGC notes that attorneys are routinely assigned to provide legal advice and counsel on all EXIM transactions and Charter compliance matters and that OGC's legal advice is specific to the terms of each transaction. EXIM also notes that there have been no delays in processing transactions caused by anything related to compliance with Section 2(k) of EXIM's Charter through the point of referral of matters to EXIM's Chair for review by EXIM's Board of Directors.

Recommendation 2: The Office of Board Authorized Finance (OBAF) should develop and implement a formalized system for electronically tracking pending transactions and documenting the rationale behind timeline changes and delays for pending transactions. This process should include structured reporting mechanisms to provide non-sensitive, public-facing updates on major transactions, strengthening stakeholder engagement, increasing transparency, and ensuring compliance with EXIM's statutory obligations under Section 2(b)(1)(J) of the EXIM Charter. Additionally, EXIM should consider establishing performance benchmarks for different transaction types to help manage processing expectations while accounting for necessary due diligence and risk assessments.

Management response: EXIM concurs with this recommendation. EXIM notes that it has in place an electronic system, the EXIM Reporting System (ERS), which tracks all pending transactions of the agency consistent with the requirements of EXIM Charter Section 2(b)(1)(J). Notwithstanding this, EXIM's Office of Board Authorized Finance (OBAF) will examine potential enhancements for electronically tracking pending transactions and documenting the rationale behind timeline changes and delays for pending transactions. Any such enhancements will be designed to protect trade secrets and confidential information (including sensitive timeline data) provided by EXIM's customers and lending partners. It will also take into account the innate differences in transaction structures and types of matter financed, and of time-impacting actions or inactions of parties that EXIM has no control over. Additionally, EXIM will consider establishing performance benchmarks for different transaction types (where appropriate, taking into account the wide variation in timelines resulting from different transaction structures, the types of matters financed and factors not controlled by EXIM) to help manage processing expectations while accounting for necessary due diligence and risk assessments, while not imposing artificial deadlines that do not take into account transaction specific characteristics that can greatly influence processing timelines. EXIM notes that OBAF transaction teams, together with OGC, are in regular communication with deal participants throughout the transaction negotiation process, including providing updates on deal status. OBAF currently maintains a Transaction Review Committee (TRC) tracking system which documents every transaction that is considered at the various levels of transactional processes that are discussed by the internal TRC. EXIM posts notice of all Environmental and Social

Category A and B projects that have passed the first stage of TRC review (TRC 1) on EXIM's public-facing Pending Category A and Category B Projects webpage¹. While these postings do not provide commercial information or processing status, they do provide public notice that there is a pending transaction in house. The majority of oil and gas sector transactions are Environmental and Social Category A or B. In addition, EXIM staff are regularly available to discuss pending transactions (excluding non-commercially sensitive/protected information) with non-governmental organizations and other public entities, and as required by EXIM's Charter, the agency provides advance notice to the public of any meeting of its Board of Directors for final consideration of a long-term financing transaction with a value that exceeds \$100 million.

Recommendation 3: The Chair should coordinate with the Board to implement a process for advancing transactions for a vote that includes criteria that are objective, transparent, and compliant with Section 2(k) of EXIM's Charter.

Management response: EXIM concurs with this recommendation, noting that there were no prolonged review periods at the staff level with regard to any oil and gas transactions processed by EXIM (including the Mozambique LNG financing) as a result of Section 2(k) related issues, COVID-19 pandemic related issues or any other non-commercial or non-financial factors, or other factors not regularly found with respect to EXIM structured and project financings in general. The only prolonged review period for a transaction subject to the time period covered in OIG's review was in the case of the second amendment of the Mozambique LNG project financing. This prolonged period was the time that EXIM's former Chair took to review and consider this amendment after the matter was referred to her for processing to the EXIM Board of Directors. EXIM staff did not have insight into the Chair's deliberations regarding this processing.

In the case of the Mozambique LNG project financing in general, EXIM notes that the initial approval and first amendment were processed efficiently taking into account delays caused by project commercial factors not under the control of any lender (as is often found in financings of large-scale projects such as this) and the second amendment was similarly processed efficiently at the EXIM staff level, with it being referred to EXIM's former Chair for processing to the Board of Directors roughly on schedule with the project's requested timing. In light of this, once confirmed by the Senate, EXIM staff will recommend to the new incoming Chairman that he coordinate with the Board of Directors to implement a process for advancing transactions for a vote. Any such procedures shall be promulgated in a manner that is consistent with the requirement in Section 2(k) of EXIM's Charter that EXIM not promulgate or implement policies that discriminate against any application based solely on industry, sector or business.

CC:

Edward Newburn, White House Liaison and Senior Advisor for Operations
David Slade, Lead and Senior Counselor
Bryce McFerran, Senior Advisor and Acting Chief Banking Officer
Michaela Smith, Director of Audit and Internal Controls Program

¹ See <https://www.exim.gov/policies/exim-bank-and-environment/pending-transactions>

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

811 Vermont Avenue, NW
Washington, DC 20571

Telephone 202-565-3908
Facsimile 202-565-3988



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If you fear reprisal, contact EXIM OIG's Whistleblower Protection Coordinator at
oig.whistleblower@exim.gov

For additional resources and information about whistleblower protections and unlawful retaliation, please visit [the whistleblower's resource page](#) at oversight.gov.



After the issuance of this report, OIG received a signed management response from the agency dated April 1, 2025. This document includes the signatures of the EXIM managers listed on the original management response. The remaining content of the management response did not change from the version provided on March 31, 2025.



Helping American Businesses Win the Future

DATE: April 1, 2025

TO: Eric Rivera, Assistant Inspector General, Office of Inspector General

THROUGH: Ravi Singh, Acting Senior Vice President & Chief Financial Officer **RAVI SINGH**
Digitally signed by RAVI SINGH
Date: 2025.04.02 08:54:29 -04'00'

FROM: James Cruse, Acting EXIM President and Chair of the Board of Directors **JAMES CRUSE**
Digitally signed by JAMES CRUSE
Date: 2025.04.01 12:28:42 -04'00'

On behalf of Bryan Rolfe, Senior Vice President of Office of Board Authorized Finance, Bryce McFerran, Acting Senior Vice President and Chief Banking Officer **BRYCE MCFERRAN**
Digitally signed by BRYCE MCFERRAN
Date: 2025.04.01 16:32:55 -04'00'

Victoria Coleman, Acting General Counsel **VICTORIA COLEMAN**
Digitally signed by VICTORIA COLEMAN
Date: 2025.04.01 12:46:49 -04'00'

SUBJECT: EXIM Management Response to the draft *Management Advisory: EXIM’s Process for Advancing Oil and Gas Transactions for Board Approval Needs Improved Transparency (OIG-0-25-05)*.

Dear Mr. Rivera,

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OIG made three recommendations. EXIM concurs with the three recommendations and will move forward with implementing these recommendations.

Recommendation 1: The Office of the General Counsel (OGC) should issue and communicate guidance to the agency on ensuring and documenting how EXIM will comply with Section 2(k) of EXIM's Charter throughout the transaction process, including timeline adjustments and delays.

Management response: EXIM concurs with this recommendation, subject to the qualification that such guidance be as appropriate in connection with each transaction and taking into account the wide variation in timelines resulting from different transaction structures and types of matters financed. OGC notes that attorneys are routinely assigned to provide legal advice and counsel on all EXIM transactions and Charter compliance matters and that OGC's legal advice is specific to the terms of each transaction. EXIM also notes that there have been no delays in processing transactions caused by anything related to compliance with Section 2(k) of EXIM's Charter through the point of referral of matters to EXIM's Chair for review by EXIM's Board of Directors.

Recommendation 2: The Office of Board Authorized Finance (OBAF) should develop and implement a formalized system for electronically tracking pending transactions and documenting the rationale behind timeline changes and delays for pending transactions. This process should include structured reporting mechanisms to provide non-sensitive, public-facing updates on major transactions, strengthening stakeholder engagement, increasing transparency, and ensuring compliance with EXIM's statutory obligations under Section 2(b)(1)(J) of the EXIM Charter. Additionally, EXIM should consider establishing performance benchmarks for different transaction types to help manage processing expectations while accounting for necessary due diligence and risk assessments.

Management response: EXIM concurs with this recommendation. EXIM notes that it has in place an electronic system, the EXIM Reporting System (ERS), which tracks all pending transactions of the agency consistent with the requirements of EXIM Charter Section 2(b)(1)(J). Notwithstanding this, EXIM's Office of Board Authorized Finance (OBAF) will examine potential enhancements for electronically tracking pending transactions and documenting the rationale behind timeline changes and delays for pending transactions. Any such enhancements will be designed to protect trade secrets and confidential information (including sensitive timeline data) provided by EXIM's customers and lending partners. It will also take into account the innate differences in transaction structures and types of matter financed, and of time-impacting actions or inactions of parties that EXIM has no control over. Additionally, EXIM will consider establishing performance benchmarks for different transaction types (where appropriate, taking into account the wide variation in timelines resulting from different transaction structures, the types of matters financed and factors not controlled by EXIM) to help manage processing expectations while accounting for necessary due diligence and risk assessments, while not imposing artificial deadlines that do not take into account transaction specific characteristics that can greatly influence processing timelines. EXIM notes that OBAF transaction teams, together with OGC, are in regular communication with deal participants throughout the transaction negotiation process, including

providing updates on deal status. OBAF currently maintains a Transaction Review Committee (TRC) tracking system which documents every transaction that is considered at the various levels of transactional processes that are discussed by the internal TRC. EXIM posts notice of all Environmental and Social Category A and B projects that have passed the first stage of TRC review (TRC 1) on EXIM's public-facing Pending Category A and Category B Projects webpage¹. While these postings do not provide commercial information or processing status, they do provide public notice that there is a pending transaction in house. The majority of oil and gas sector transactions are Environmental and Social Category A or B. In addition, EXIM staff are regularly available to discuss pending transactions (excluding non-commercially sensitive/protected information) with non-governmental organizations and other public entities, and as required by EXIM's Charter, the agency provides advance notice to the public of any meeting of its Board of Directors for final consideration of a long-term financing transaction with a value that exceeds \$100 million.

Recommendation 3: The Chair should coordinate with the Board to implement a process for advancing transactions for a vote that includes criteria that are objective, transparent, and compliant with Section 2(k) of EXIM's Charter.

Management response: EXIM concurs with this recommendation, noting that there were no prolonged review periods at the staff level with regard to any oil and gas transactions processed by EXIM (including the Mozambique LNG financing) as a result of Section 2(k) related issues, COVID-19 pandemic related issues or any other non-commercial or non-financial factors, or other factors not regularly found with respect to EXIM structured and project financings in general. The only prolonged review period for a transaction subject to the time period covered in OIG's review was in the case of the second amendment of the Mozambique LNG project financing. This prolonged period was the time that EXIM's former Chair took to review and consider this amendment after the matter was referred to her for processing to the EXIM Board of Directors. EXIM staff did not have insight into the Chair's deliberations regarding this processing.

In the case of the Mozambique LNG project financing in general, EXIM notes that the initial approval and first amendment were processed efficiently taking into account delays caused by project commercial factors not under the control of any lender (as is often found in financings of large-scale projects such as this) and the second amendment was similarly processed efficiently at the EXIM staff level, with it being referred to EXIM's former Chair for processing to the Board of Directors roughly on schedule with the project's requested timing. In light of this, once confirmed by the Senate, EXIM staff will recommend to the new incoming Chairman that he coordinate with the Board of Directors to implement a process for advancing transactions for a vote. Any such procedures shall be promulgated in a manner that is consistent with the requirement in Section 2(k) of EXIM's Charter that EXIM not promulgate or implement policies that discriminate against any application based solely on industry, sector or business.

CC:

Edward Newburn, White House Liaison and Senior Advisor for Operations
David Slade, Lead and Senior Counselor
Michaela Smith, Director of Audit and Internal Controls Program

¹ See <https://www.exim.gov/policies/exim-bank-and-environment/pending-transactions>