

July 2008

EXPORT-IMPORT BANK

Performance
Standards for Small
Business Assistance
Are in Place but Ex-Im
Is in the Early Stages
of Measuring Their
Effectiveness





Highlights of [GAO-08-915](#), a report to congressional committees

Why GAO Did This Study

The Export-Import Bank (Ex-Im) provides loans, loan guarantees, and insurance to support U.S. exports, and its support for small businesses has been a long-standing issue of congressional interest. Most recently in 2006, Congress required Ex-Im to develop, and GAO to review, performance standards for Ex-Im's assistance to small businesses, especially those owned by socially and economically disadvantaged individuals and by women.

In response to the mandate, GAO evaluated the extent to which Ex-Im's standards address the functions referred to in the Export-Import Bank Reauthorization Act of 2006's (2006 Reauthorization Act) requirement for performance standards; how well Ex-Im is measuring its achievement of the standards, including those related to small businesses owned by socially and economically disadvantaged individuals and by women; and Ex-Im's use of performance information to improve operations and results.

What GAO Recommends

This report recommends that Ex-Im establish performance standards for functions not currently addressed, revise several current measures to include measurable targets and time frames, and take steps to establish a measure for financing for small businesses owned by socially and economically disadvantaged individuals and women.

Ex-Im concurred with GAO's recommendations.

To view the full product, including the scope and methodology, click on [GAO-08-915](#). For more information, contact Loren Yager at (202) 512-4128 or YagerL@gao.gov.

EXPORT-IMPORT BANK

Performance Standards for Small Business Assistance Are in Place but Ex-Im Is in the Early Stages of Measuring Their Effectiveness

What GAO Found

Ex-Im's small business performance standards address most, but not all, functions referred to in the 2006 Reauthorization Act. Ex-Im developed 28 performance standards for its assistance to small businesses, ranging from providing excellent customer service to increasing outreach. We found that Ex-Im has performance standards relevant to most of the legislative functions, but the standards do not directly address some functions. For example, none of the standards directly addresses the function calling for increased outreach to businesses employing fewer than 100 employees. In addition, the standards address only some aspects of several functions.

Ex-Im's performance measures generally address attributes of successful performance measures, such as clarity and linkage to goals, but 11 out of 27 measures lack targets and time frames to help decision makers evaluate progress toward meeting the performance standards. Additionally, Ex-Im has no measures to assess progress toward some standards. For example, while Ex-Im has established a measure for outreach to small businesses owned by socially and economically disadvantaged individuals and by women, it has no measure for monitoring progress toward its performance standard for increasing the amount made available to finance their exports. Ex-Im officials reported challenges to developing measures for financing exports by these businesses, such as the difficulty of obtaining reliable data.

Ex-Im is in the early stages of compiling and using small business performance information. As an example of using this information to improve small business operations, Ex-Im officials cited raising limits on financing amounts for Letters of Credit, a type of guarantee, when customer feedback indicated an issue in that area. However, we found such examples are limited and Ex-Im has instituted few practices to date to ensure that small business performance information is used effectively. We previously reported on several practices that agencies can apply to enhance the use of performance information in management decisions, including improving the usefulness of performance information. To improve the usefulness of performance information, Ex-Im recently centralized its data analysis functions and is beginning to implement a new data reporting system; however, Ex-Im has no systematic processes in place for collecting, analyzing, and disseminating small business performance data.

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Abbreviations

2006 Reauthorization Act	The Export-Import Bank Reauthorization Act of 2006
Commerce	The Department of Commerce
Ex-Im	Export-Import Bank of the United States
SBA	Small Business Administration
USEAC	U.S. Export Assistance Centers

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United States Government Accountability Office
Washington, DC 20548

July 17, 2008

The Honorable Christopher J. Dodd
Chairman
The Honorable Richard C. Shelby
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Barney Frank
Chairman
The Honorable Spencer Bachus
Ranking Member
Committee on Financial Services
House of Representatives

The Export-Import Bank (Ex-Im) operates as an independent agency of the U.S. government and is the official export credit agency of the United States. Ex-Im provides loans, loan guarantees, and insurance to finance U.S. exports. The bank's level of support for small businesses has been an issue of long-standing congressional interest. Since the 1980s, Congress has required that Ex-Im make available a specified percentage of its export financing for small business. The Export-Import Bank Reauthorization Act of 2006 (the 2006 Reauthorization Act) calls for Ex-Im to develop—and GAO to conduct a study of—performance standards to determine the extent to which Ex-Im is successfully carrying out certain functions in the act related to small businesses, especially those owned by socially and economically disadvantaged individuals and by women. The standards are to cover areas such as outreach, feedback, and financing related to small business exports.

In response to the mandate that we assess Ex-Im's performance standards and the bank's efforts to carry them out, this report (1) evaluates the extent to which Ex-Im's performance standards address certain functions of the Export Import Bank Act referred to in the 2006 Reauthorization Act related to small businesses, (2) evaluates how effectively Ex-Im is measuring the achievement of these performance standards related to small businesses, including those related to small businesses owned by socially and economically disadvantaged individuals and by women, and (3) evaluates how Ex-Im has used performance information in assisting

small businesses and what steps Ex-Im has taken to facilitate and enhance that use.

To evaluate the extent to which Ex-Im's performance standards address relevant functions referred to in the act, we reviewed the 2006 Reauthorization Act and identified specific functions of the Export-Import Bank Act subject to performance standards. To identify Ex-Im's performance standards, we reviewed Ex-Im documents including its most recent annual report, its 2006 Small Business Plan, and its recently updated 2008 Small Business Plan. We determined, and Ex-Im officials concurred, that the "goals," "key goals," and "key performance standards" in the 2008 Small Business Plan constitute the performance standards Ex-Im developed as the level of performance to be achieved by a program or activity. We compared the standards to the relevant functions referred to in the 2006 Reauthorization Act to determine the extent to which those standards address each function. To evaluate how effectively Ex-Im is measuring the extent to which it is meeting its performance standards, we assessed Ex-Im's performance measures in its 2008 Small Business Plan, using key attributes of successful performance measures developed in our previous work. To evaluate how Ex-Im has used performance information in assisting small businesses and the steps it has taken to facilitate and enhance that use, we considered several practices for improving the use of performance information developed in our previous work.¹ For all three objectives, we interviewed cognizant Ex-Im officials. We also interviewed officials from the Department of Commerce (Commerce) and the Small Business Administration (SBA). We determined that the data in this report are sufficiently reliable for its uses. We conducted our work from November 2007 through July 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. See appendix I for a more detailed description of our scope and methodology.

Results in Brief

Ex-Im's performance standards for small business address most, but not all, of the functions found in the legislative provisions referred to in the

¹GAO, *Managing Results: Enhancing Agency Use of Performance Information for Management Decision Making*, GAO-05-927 (Washington, D.C.: Sept. 9, 2005).

2006 Reauthorization Act. Ex-Im developed 28 performance standards² for its assistance to small businesses, ranging from providing excellent customer service to increasing outreach to small business exporters. We found that while Ex-Im has performance standards relevant to most of the legislative functions, the standards do not directly address some functions. For example, none of the standards directly addresses the functions calling for increased outreach to businesses employing fewer than 100 employees, or for providing assistance to small and rural companies that have not previously participated in Ex-Im programs. In addition, although Ex-Im collaborates with SBA on its assistance to small businesses, none of Ex-Im's standards specifically pertains to promoting small business exports in cooperation with SBA, as called for in the 2006 Reauthorization Act. Finally, the standards address only some aspects of several functions.

Ex-Im has developed measures to assess its assistance to small businesses, but 11 out of the 27 measures lack measurable targets and time frames to fully evaluate progress toward meeting the performance standards. We found that Ex-Im's measures address most of the key attributes of successful performance measures, such as clarity and linkage to goals. An Ex-Im measure with targets and time frames is "maintain level of not less than 200 small business exporter outreach events annually." In contrast, the measure "the number of Ex-Im Bank sponsored training events, attendees, and revenue generated" does not specify a level of performance or time period within which it is expected to occur. Targets and time frames help decision-makers judge where improvements are necessary. In addition, Ex-Im has no measures to assess progress toward some performance standards. For example, Ex-Im has no performance measures for monitoring progress toward its performance standard for financing small businesses owned by socially and economically disadvantaged individuals and by women. Ex-Im officials explained that developing measures for financing for these businesses is particularly challenging largely because it is difficult to obtain reliable data. Specifically, they stated that Ex-Im cannot require small businesses to report this type of ownership status information on their applications and available data sources are not adequately reliable for this use.

²Although Ex-Im refers to "goals," "key goals," and "key performance standards" in its small business planning documents, for the purposes of this review, based on internal discussions and discussions with Ex-Im officials, we determined that these concepts are all equivalent to performance standards, or the level of performance to be achieved by a program or activity.

Ex-Im officials stated that they are in the early stages of compiling and using much of Ex-Im's small business performance information. As an example of using this information to improve small business operations, Ex-Im officials cited raising limits on financing amounts for Letters of Credit, guarantees of payment by banks for foreign buyers, when performance data indicated an issue in that area. However, we found such examples are limited. Agencies can apply several practices to enhance the use of performance information in management decisions, including improving its usefulness and developing agency capacity to use it, on which we have previously reported. To date, Ex-Im has instituted few such practices to ensure that small business performance information is used effectively. For example, to improve the usefulness of performance information, Ex-Im recently centralized its data analysis functions and is in the process of implementing a new data reporting system; however, to date Ex-Im has no processes in place for systematically collecting, analyzing, and disseminating small business performance data. Ex-Im officials told us that they have not provided training to develop staff capacity in setting small business performance standards and analyzing performance data.

To more fully address the functions referred to in the 2006 Reauthorization Act regarding performance standards for assistance to small businesses, we recommend that Ex-Im establish performance standards to address the functions not directly addressed by its current performance standards. In addition, to improve Ex-Im's ability to obtain information on how well it is achieving its small business performance standards, we recommend that Ex-Im revise performance measures that lack measurable targets and time frames to provide those attributes, in the context of available information, including its standard for increasing financing for small businesses owned by socially and economically disadvantaged individuals and by women. For that standard, we also recommend that Ex-Im take steps such as (1) establishing a measure based on the estimated data it currently reports, and (2) identifying ways to improve the reliability of its data in this area.

We provided a draft of this report to the Export-Import Bank of the United States. We received written comments from the Chairman and President of Ex-Im Bank, which are reprinted in appendix V. The Chairman and President reiterated our message that Ex-Im has standards for most of the functions referred to in the 2006 Reauthorization Act and stated that Ex-Im found the information in the report useful for the bank's planning efforts. He stated that Ex-Im concurred with our recommendations and identified steps the bank will take to implement them.

Background

Ex-Im's mission is to help U.S. companies create and maintain American jobs by financing exports of goods and services and filling gaps in the availability of commercial financing for credit-worthy export transactions. Ex-Im also helps American exporters meet government-supported financing competition from other countries so that American exporters can compete for overseas business on the basis of price, performance, and service. Its authorizing legislation directs Ex-Im to not compete with commercial lenders. To accomplish its mission, Ex-Im offers a variety of financing instruments, including loan guarantees and some direct loans for buyer financing; export credit insurance;³ and working capital guarantees for pre-export financing. Under its loan guarantee program, Ex-Im agrees to guarantee loans made by other lenders to help buyers in other countries obtain financing to purchase U.S. exports.⁴

In fiscal year 2007, Ex-Im authorized more than \$12 billion in loans, guarantees, and insurance. Of this amount, Ex-Im reported that about \$3.4 billion (about 27 percent) directly supported U.S. small business.⁵ Ex-Im has primarily used insurance and working capital guarantees for small business transactions. Ex-Im works with a variety of outside entities or distribution channels—which it refers to as “multipliers”—to promote its products, identify and attract customers, and carry out its services. For example, it works with small businesses through a network of about 60 state and local organizations that provide information on and assistance on the bank's financing. Ex-Im also works with about 120 delegated authority lenders in 28 states that can directly commit Ex-Im's guarantee on working capital loans under its Community Delegated Authority Lender Program. Qualifying community bank lenders may commit Ex-Im's working capital guarantee without prior Ex-Im approval on individual transactions of up to \$1 million, and for a total of up to \$10 million per

³Ex-Im provides export credit insurance to protect U.S. exporters against nonpayment by their customers either directly to exporters or to banks that in turn finance U.S. exporters.

⁴One specific type of loan guarantee is a credit guarantee facility. Credit guarantee facilities are lines of credit between a guaranteed lender (i.e., a captive finance company or financial institution) and a foreign bank (or occasionally a large foreign buyer). Ex-Im guarantees the repayment of the foreign bank's obligations. The foreign bank then makes credit available to the end user of the U.S. exports and takes the repayment risk of that local company.

⁵See GAO, *Export-Import Bank: Changes Would Improve the Reliability of Reporting on Small Business Financing*, [GAO-06-351](#) (Washington, D.C.: Mar. 3, 2006); and *Export Promotion: Export-Import Bank Has Met Target for Small Business Financing Share*, [GAO-08-419T](#) (Washington D.C.: Jan. 17, 2008).

institution. Ex-Im has also recently implemented a delegated authority program for its medium-term guarantee and insurance programs. In addition, insurance brokers in each state can assist with Ex-Im's export credit insurance applications.

Congress has demonstrated a long-standing interest in Ex-Im's supporting small business by, among other things, requiring that Ex-Im make available a specified portion of its financing for small business.⁶ In 1983, Congress required Ex-Im to make available for fiscal year 1986 and thereafter not less than 10 percent of its aggregate loan, guarantee, and insurance authority for financing exports by small businesses. In 2002, Congress increased the percentage to 20 percent. Ex-Im is also required by Congress to report annually on (1) the number of its transactions that directly benefit small business and (2) an estimate of the number of small businesses Ex-Im indirectly supports as suppliers to companies receiving Ex-Im financing.

Most recently, the Export-Import Bank Reauthorization Act of 2006 called for Ex-Im to develop a set of performance standards for its assistance to small businesses, especially those owned by socially and economically disadvantaged individuals and by women. The 2006 act calls for Ex-Im to develop performance standards for determining the extent to which Ex-Im has carried out successfully a wide range of functions related to small businesses that are described in various provisions of the basic Export-Import Bank Act. We identified about 30 functions as subject to the mandate (see table 2 in app. II for a list of the relevant functions).⁷ For example, some of these functions call for Ex-Im to promote small business exports and small business export financing programs in cooperation with

⁶Ex-Im uses SBA's definition of a small business, which uses size standards to identify the largest a company can be and still qualify as a small business. SBA's size standards vary by industry, and reflect average annual receipts or average employment of a firm.

⁷The 2006 Reauthorization Act requires Ex-Im to develop performance standards for determining the extent to which it has carried out successfully subparagraphs 2(b)(1)(E) and (I) of the Export-Import Bank Act and "the functions described in" subsections 3(f)(1), (g)(1), (h)(1), and (i)(1) of that act. Subparagraph 2(b)(1)(E) requires Ex-Im to take various actions in furtherance of U.S. policies to encourage participation of small business in international commerce, and to aid, counsel, assist, and protect the interests of small business concerns. Subparagraph 2(b)(1)(I) requires Ex-Im to undertake efforts to enhance its capacity to provide information about its programs to small and rural companies which have not previously participated in the programs. We consider these required actions and efforts under subparagraphs 2(b)(1)(E) and (I) also to be "functions" subject to the performance standards requirement.

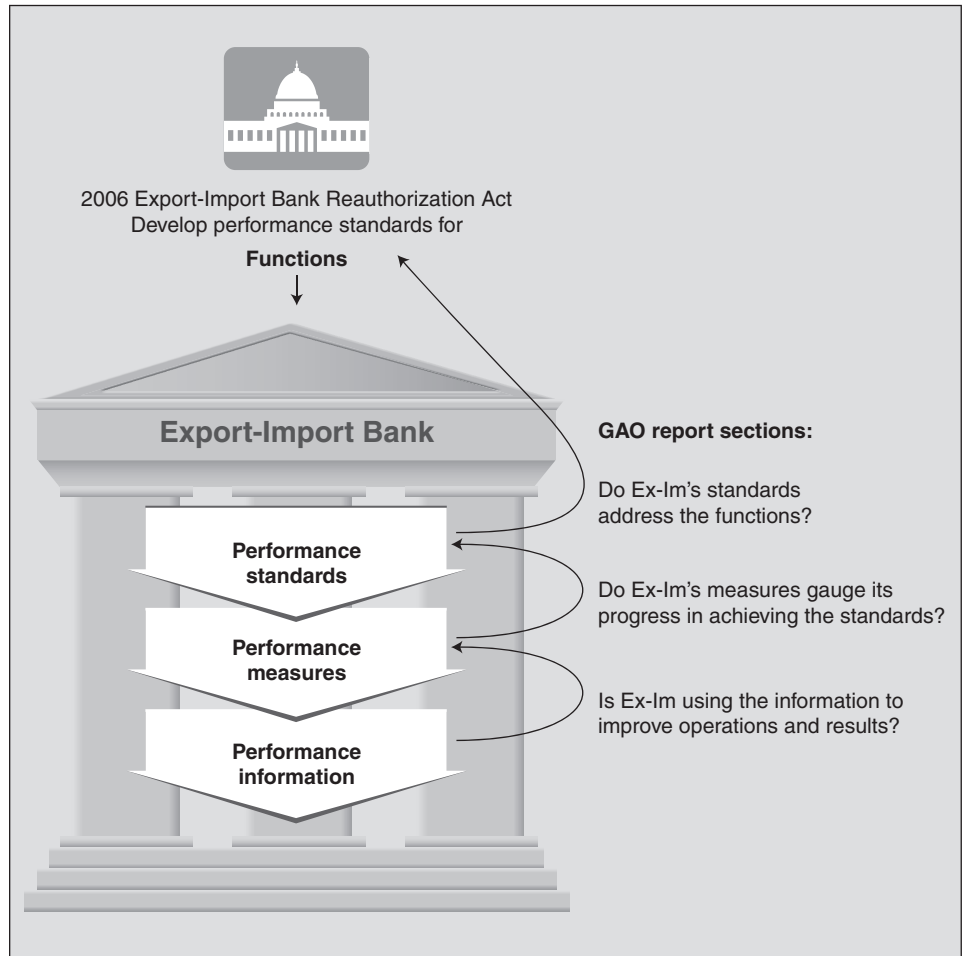
Commerce, establish a Small Business Division to implement and oversee small business activities, and establish a Small Business Committee to coordinate small business initiatives and policies. Other functions relate to Ex-Im product improvement, maintaining liaisons with SBA and other departments and agencies in matters affecting small business concerns, and overseeing the development, implementation, and operation of technology improvements to strengthen small business outreach.

The 2006 Reauthorization Act places particular emphasis on Ex-Im's assistance to small businesses owned by socially and economically disadvantaged individuals and those owned by women. Specifically, the Export-Import Bank Act provisions referred to in the 2006 legislation:

- call for Ex-Im to continue and enhance outreach to these businesses,
- state that a goal of Ex-Im shall be to increase the amount made available to finance exports by these businesses, and
- call for the establishment of an office within Ex-Im's Small Business Division focusing on outreach and increasing the total amounts of loans, guarantees, and insurance provided by Ex-Im to support exports by these businesses.

Figure 1 shows the relationship between the major sections of this report, which follow.

Figure 1: Ex-Im's Performance Standards and the Major Sections of This Report



Sources: GAO analysis of Ex-Im Bank data; Nova Development (clip art).

Ex-Im's Performance Standards Generally Address Most, but Not All, Functions Referred to in the 2006 Reauthorization Act

Ex-Im's small business performance standards generally address the majority of the 30 functions referred to in the 2006 Reauthorization Act, but some legislative functions are not directly addressed by any of Ex-Im's standards. Ex-Im has 28 performance standards for its assistance to small business exporters, ranging from providing excellent customer service, to increasing outreach, to expanding the use of Ex-Im's products. Ex-Im has standards relevant to most of the legislative functions; however, its standards address only some aspects of some functions and do not directly address some other functions.

Ex-Im Has Developed Performance Standards for Its Assistance to Small Businesses

We identified 28 performance standards for small business assistance in Ex-Im's 2008 Small Business Plan, released in May 2008 (see table 2, app. II for a list of the performance standards). According to Ex-Im officials, Ex-Im first developed its Small Business Plan and standards in 2006, around the same time that Ex-Im's Small Business Division was established to carry out and oversee the bank's efforts directed at small business exporters. Ex-Im completed an update to the plan in May 2008 that included some revised planned activities and targets, although most of the performance standards did not change.⁸ The performance standards in the Small Business Plan fall into nine subject areas:

- overarching standards,
- Small Business Committee,⁹
- customer service,
- distribution channels,
- outreach and marketing,
- Ex-Im's on-line application system,
- Working Capital Guarantee Program,
- Short-Term Export Credit Insurance, and
- other Ex-Im small business products (including Medium and Long-Term Export Credit Insurance and Loan Guarantee Programs).

Ex-Im's 28 performance standards range from broad to specific, with some standards tied directly to identified statutory functions. For example, a standard reflecting statutory language in Ex-Im's authorizing legislation since 2002 calls for Ex-Im "to make available, from the aggregate loan, guarantee, and insurance authority available...not less than 20 percent of such authority for each fiscal year to directly support exports by small businesses." A broad, overarching standard related to "responsiveness" calls for small businesses to "receive answers about the availability of financing in a timely manner." Another broad standard for the Small Business Committee is to "provide a Bank-wide focus on small business." Other, more focused performance standards include a standard for Ex-Im's on-line system to "reduce cycle time of applications and policies processing" and another for the Working Capital Guarantee Program "to

⁸Six of the 28 performance standards included in the 2008 update to the Small Business Plan were new, overarching performance standards created in response to the 2006 Reauthorization Act.

⁹The Small Business Committee is responsible for coordinating Ex-Im's small business initiatives, among other efforts (12 USC 635a (h)).

increase small business final commitment authorizations to \$1.12 billion in 3 years.”

Ex-Im’s initial Small Business Plan developed in 2006 did not include any standards specific to small businesses owned by socially and economically disadvantaged individuals and those owned by women, but in response to the 2006 Reauthorization Act mandate, the May 2008 update to the plan added two overarching performance standards that specifically refer to increasing export financing for these businesses:

1. “To continue to grow the dollar amount of Ex-Im authorizations for small businesses and for minority-owned businesses or women-owned businesses,”¹⁰ and
2. “To continue to grow the number of export transactions involving small businesses and minority-owned businesses or women-owned businesses, supported by Ex-Im.”

Ex-Im’s Performance Standards Generally Address Most Functions Referred to in the 2006 Reauthorization Act, but Some Functions Are Not Addressed

Ex-Im has small business performance standards related to most, but not all, of the 30 legislative functions we identified as subject to the 2006 Reauthorization Act’s requirement for performance standards. However, the standards address only some aspects of some legislative functions and do not directly address some other functions. (See fig. 2 in app. III for a detailed analysis of how the performance standards address the legislative functions.)

Specifically, Ex-Im’s small business performance standards

- generally address 18 of the legislative functions,
- address some aspects of 5 of the legislative functions,¹¹
- do not directly address 5 of the legislative functions, and
- are not applicable to 2 of the legislative functions.¹²

¹⁰The 2006 Reauthorization Act refers to businesses owned by socially and economically disadvantaged individuals and those owned by women. Ex-Im refers to these businesses as minority and women-owned businesses. Ex-Im’s characterization of the statutory terms in the act is generally consistent with the relevant definitions in the Small Business Act and its implementing regulations.

¹¹While one or more of Ex-Im’s performance standards are relevant to these legislative functions, the standards do not address all aspects of the functions.

Legislative functions that are not directly addressed by any of Ex-Im's standards include the function related to outreach to small and rural companies that have not previously participated in its programs. According to Ex-Im officials, Ex-Im does not generally track assistance to rural versus urban small businesses.¹³ The standards also do not directly address the function calling for conducting outreach and increasing loans to businesses employing fewer than 100 employees. Ex-Im follows SBA's definition for a small business, which generally includes businesses employing fewer than 500 employees— although that number varies across industries— and does not separately track all of its assistance to businesses with fewer than 100 employees.¹⁴ Further, although Ex-Im collaborates extensively with SBA on its assistance to small business exporters and recently extended a co-guarantee agreement with SBA for the Working Capital Guarantee Program, its standards do not directly address the two functions related to promoting small business exports and maintaining liaison with SBA in matters affecting small business.

Finally, Ex-Im's standards address some, but not all aspects of certain functions. For example, Ex-Im's performance standards address some aspects of the function calling for Ex-Im to promote small business exports in cooperation with Commerce. The standards state that "for financial institutions, brokers, city/state partners, and Commerce's U.S. Export Assistance Centers (USEACs)," Ex-Im should 1) "expand use of all programs through active channels to directly support small business;" 2) "engage new channels specifically to support small business;" and 3) "add new distribution partners." However, the standards are general and do not clearly relate to coordination. Also, although they refer to Commerce's USEACs, many of which are staffed with representatives from Ex-Im, they do not refer to other collaboration efforts, such as collaboration with Commerce's Commercial Service to promote Ex-Im's products overseas.¹⁵

¹²We determined that Ex-Im's performance standards are not applicable to two of the legislative functions because the functions are specific to the creation of a position within the bank relevant to small business concerns.

¹³The officials stated that Ex-Im's outreach database has an indicator for whether a business is rural, although this data field often has missing values. Ex-Im does track assistance to small businesses that are new to its programs.

¹⁴Ex-Im has some capability to track outreach to small businesses employing fewer than 100 employees within a database on outreach efforts, which they are refining.

¹⁵The U.S. Commercial Service is the trade promotion unit of Commerce's International Trade Administration and has trade staff located in more than 80 countries.

Absence of Measurable Targets and Time Frames May Reduce the Value of Performance Measures and Make It More Difficult to Gauge Progress in Meeting Standards

Ex-Im has developed performance measures to assess its assistance to small businesses, but some of these lack specific targets and time frames to fully evaluate progress toward performance standards. We found that Ex-Im's performance measures have most of the key attributes of successful performance measures, including clarity, linkage to goals, core program activities, limited overlap, and governmentwide priorities. However, 11 out of the 27 performance measures lack measurable targets and time frames. In addition, Ex-Im has no performance measures for monitoring progress toward its performance standard for financing small businesses owned by socially and economically disadvantaged individuals and by women.

Ex-Im's Performance Measures Have Most Attributes of Successful Performance Measures, but 11 Out of 27 Measures Lack Targets and Time Frames

Ex-Im has developed 27 performance measures to assess whether it is achieving the 28 performance standards listed in its 2008 Small Business Plan. We analyzed these performance measures to determine if they had eight key attributes of effective performance measures. We have previously identified several key attributes of successful performance measures. Performance measures that have these attributes provide decision makers useful information to measure results and improve effectiveness.¹⁶ Successful performance measure attributes include the following.

1. **Clarity:** Measure is clearly stated and measure's name and definitions are consistent with the methodology used to calculate it.
2. **Linkage:** Measure has a clear relationship to one or more of the agency's goals (performance standards).
3. **Core program activities:** Measure covers the activities that an entity is expected to perform to support the intent of the program. There should be enough performance measures to ensure that managers have the information needed about performance in all the core program activities.

¹⁶ The key attributes of successful performance standards are not limited to the eight listed here. For example, as part of this review, we did not look at *objectivity* (measure is reasonably free from significant bias or manipulation) or *reliability* (measure produces the same result under similar conditions). See appendix I for a full explanation of our methodology.

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4. **Observable:** Measure translates goals (performance standards) into observable conditions that determine what data to collect in order to show whether progress was made toward achieving goals.
 5. **Measurable targets:** Measure has a target that is quantifiable or measurable in that it specifies a particular level of performance to be attained, either as an absolute value such as “20,000 small businesses served” or a level of improvement, such as “a 10 percent increase.”
 6. **Time frames:** Measure specifies a time frame within which the performance is expected – i.e., annual, multiyear, or long-term.
 7. **Limited overlap:** Measure provides new information beyond that provided by other measures.
 8. **Governmentwide priorities:** Measure covers a priority such as productivity, quality, timeliness, customer satisfaction, outreach, coordination, cost of service, efficiency, and outcome.

We found that Ex-Im’s performance measures generally have most of the attributes: they are clearly stated, address Ex-Im’s core activities, provide new information beyond that provided by other measures, and cover governmentwide priorities. They also have the attribute of linkage in that, although Ex-Im’s 2008 Small Business Plan does not specifically indicate which performance measures apply to which performance standards, our analysis showed that each measure links, or is relevant to, at least one performance standard. All but three performance measures translate goals into observable conditions to show progress.

However, as shown in table 3 (see app. IV), 11 out of the 27 performance measures do not have measurable targets or time frames. Without measurable targets and time frames, performance measures may not provide Ex-Im adequate baseline data to identify strengths and weaknesses and make timely adjustments and improvements.

For example, the performance measure, “financial institutions: tracking of actual activity by products, transactions, and dollar volumes (authorizations),” lacks a target that is quantifiable or measurable to facilitate comparison between expected performance and actual results, such as increasing activity per institution by a specific percentage or dollar amount in authorizations. While an exact percentage may not be necessary, performance measures should at least specify a desired direction.

Some of Ex-Im's performance measures indicate that Ex-Im is still in the process of developing and integrating measurable targets and time frames, and also that performance measures with measurable targets tend to specify time frames. For example, the performance measure, "Ex-Im Bank will utilize the results of the customer service focus groups to establish the baseline for future improvements and appropriate metrics for on-going assessments," mentions baselines and thus appears to be collecting data for use in developing first-time targets. In addition, Ex-Im has measurable targets for the performance measures, "Regional Domestic Development officers will be measured against their individual targeted goals - based on need within their region. . . ," and "monitor number of outreach events (speaking engagement, trade shows, conferences) undertaken by staff," but Ex-Im has not yet incorporated the targets into its 2008 Small Business Plan. Finally, the fact that all 11 performance measures that do not have measurable targets also lack specified time frames indicates that targets and time frames are closely related and that one generally supports the other.

Three performance measures do not translate goals into observable conditions to show progress toward the performance standard. One measure, "Ex-Im Bank will utilize the results of the customer service focus groups to establish the baseline for future improvements and appropriate metrics for on-going assessments" does not specify what to observe or what data the focus groups will collect in order to show progress toward a goal or standard. In a second measure, "work with Short Term Trade Finance to identify exporters needing both Working Capital Guarantee Program loans and credit insurance," what can be observed are those exporters identified as needing both Working Capital Guarantee Program loans and credit insurance. However, it is not clear how this information would indicate progress toward the standard, which is to increase small business Working Capital Guarantee Program authorizations. In a third measure, "degree of success in getting incremental U.S. government involvement with Ex-Im in terms of new activity with small business exporters using Ex-Im products," it is not clear what to observe because "U.S. government" involvement and "new activities" are not explained, making it unclear what data to collect to show progress.

Ex-Im Has No Performance Measures for Performance Standards on Financing Small Businesses Owned by Socially and Economically Disadvantaged Individuals and Women, Citing Challenges

Ex-Im has no performance measures for its two performance standards focused on providing financing to small businesses owned by socially and economically disadvantaged individuals and those owned by women. The standards are to continue to grow the dollar amount of Ex-Im authorizations for small businesses and for minority-owned businesses and women-owned businesses, and to continue to grow the number of export transactions involving small businesses and minority-owned businesses or women-owned businesses supported by Ex-Im.

Ex-Im officials cited two challenges to establishing specific performance measures, and in particular measurable targets, for financing these businesses, including poor data and difficulty in predicting increases in applications. With regard to data, the officials said Ex-Im cannot require applicants to identify themselves as minority or women-owned and generally get a low response rate to this question. Ex-Im officials told us that they use data from Dunn & Bradstreet, a commercial information vendor, to corroborate the applicant information and identify minority and women-owned businesses that may have chosen not to identify themselves as such but that they believe Dunn & Bradstreet faces similar challenges as Ex-Im in this area.

However, Ex-Im officials said that they take steps to collect data and estimate their assistance to these businesses, and have begun reporting information from these estimates. Ex-Im includes optional questions on its product applications for businesses to self-identify as minority or women-owned. On the basis of these estimates, in 2007, Ex-Im reported separate authorization amounts for these businesses for the first time, reporting in its Annual Report that it authorized \$524.6 million in working capital guarantees and export-credit insurance to support exports by businesses identified as minority-owned and women-owned, of which \$409 million represented small businesses.

Ex-Im's Working Capital Guarantee Program application requests more detailed identifying information about minority and women-owned businesses than its Short Term Export Credit Insurance application. An Ex-Im official explained that 98 percent of the Working Capital Guarantee Program transactions are completed by delegated authority lenders, who have more intimate knowledge of the applicants. He said that the delegated authority lenders are able to assist applicants in completing the relevant questions on the application, and in cases where a business does not self-identify, the lender may have knowledge about the status of the business that would enable the lender to add the additional details. Finally, Ex-Im officials said that they do not cross-check this information with SBA

databases because SBA's database is primarily for procurement (for example, businesses interested in contracting with the federal government to provide computer services) and would not likely include exporters.

A second difficulty of establishing specific performance measures for financing businesses owned by women and minorities, according to Ex-Im officials, is the long lead time between outreach efforts and receipt of applications for assistance from these businesses and the unpredictability of increased authorizations. Ex-Im's Office of Minority and Women-owned Businesses, created in 1999 with one business development officer and currently staffed with two officers for outreach and one that also does broker relations, focuses primarily on outreach to these businesses. According to Ex-Im officials, the office attempts to track the number of applications for Ex-Im assistance resulting from these outreach events. However, the officials stated that it may take several years from when these businesses initially attend an Ex-Im outreach event to when they are ready to apply for assistance.¹⁷

Ex-Im Has No Performance Measures for Several Other Performance Standards

Several other small business performance standards lack performance measures. These include standards relating to Ex-Im's Small Business Committee, improving communication with insurance brokers as part of outreach and marketing, and improving its short-term export credit insurance products. The Small Business Committee performance standards in Ex-Im's 2008 Small Business Plan are to provide a bank-wide focus on small business, report and evaluate each unit's small business performance, identify opportunities for cross-selling and expanding the use of bank programs for small business, measure progress toward meeting the plan/objectives and adjust actions, and serve as a vetting forum for new small business initiatives. While Ex-Im officials told us they discussed issues related to some of these performance standards, the 2008 Plan has no performance measures specifically focused on tracking the efforts of the committee (the next section discusses the activities of the Small Business Committee).

¹⁷Events include minority and women-owned small business speaking engagements, conferences, and training sessions.

Ex-Im Is in the Early Stages of Using Small Business-Related Performance Information

Ex-Im is just beginning to use performance information gained from its performance measures to enhance its assistance to small business and most of its efforts are still in the planning stages. Ex-Im officials told us that in some cases they have used preliminary data from their performance measures to identify problems and take corrective action. However, such examples are limited and Ex-Im has implemented few practices to date to ensure that small business performance information is used effectively. We previously reported that agencies can employ certain practices¹⁸ to facilitate the use of performance information in decision making, including improving the usefulness of performance information and developing agency capacity to use it. Related to improving the usefulness of performance information, Ex-Im recently centralized its data analysis functions, but it has not established systems or processes to systematically compile, analyze, and disseminate small business performance data. Officials stated that they are in the beginning stages of implementing a new data reporting system that will include improved data compilation and performance review capabilities. Further, Ex-Im has not provided training to develop staff capacity in setting small business performance standards and analyzing data from its measures.

Ex-Im Is Just Beginning to Use Performance Information in Management Decisions

Ex-Im is still in the preliminary stages of using information from its small business performance measures to improve programs and results. The full benefit of collecting performance information is realized only when managers use it to improve operations. Federal agencies can use performance information to identify problems in existing programs and their causes, and to develop corrective actions.

However, Ex-Im officials stated that they are just beginning to compile and use small business performance information in decision-making. They provided us with preliminary performance data for fiscal year 2007. Although the information was not organized by performance standard or performance measure, we found that at least some data were provided related to most of the performance measures. For example, information for an outreach measure on the “type, number, and volume of direct mail campaigns and the prospect leads generated” noted that two local direct mail campaigns (1,700 total pieces) had been conducted, though information was not included on actual prospect leads generated.

¹⁸The concept of “practices” as used in this report includes administrative or management tools, systems, or processes that agencies can implement.

Additionally, Ex-Im compiles quarterly and annual results of regional domestic business development officers' activities, including data on the number and amount of small business transactions approved, by program.

The officials indicated that, to date, they have used some of the preliminary performance information on an ad hoc basis to identify problems and take corrective action. In one example they provided, Ex-Im raised the amount that the agency will back in a Letter of Credit for a foreign buyer from \$500,000 to \$1 million when data for its customer service measure indicated an issue for Ex-Im's customers in that area. Ex-Im officials added that they have also made programmatic changes to address issues they became aware of through their day-to-day work. For example, the Small Business Committee voted to provide a discount to small businesses on Ex-Im's non-deductible multibuyer insurance product¹⁹ after Ex-Im staff became aware that the product's current pricing provided little advantage to small businesses.

Ex-Im Has Applied Few Practices to Facilitate Use of Small Business-Related Performance Information

Ex-Im has taken some steps to ensure its small business-related performance information is used effectively but has not yet taken steps to implement certain key practices (see table 1). To use performance information in a meaningful way, agencies can institute five types of practices: demonstrating management commitment; aligning goals and measures; improving the usefulness of performance information to better meet management's needs; developing agency capacity to effectively use performance information; and frequently and effectively communicating performance information.²⁰ However, Ex-Im officials noted plans to better institute several of these practices. For example, Ex-Im officials stated that they plan to establish a more formal performance review process as well as systems and procedures to systematically compile data related to Ex-Im's small business standards and measures. Ex-Im recently centralized its data analysis functions in one office, but officials said that Ex-Im's initial focus has been on systematically and frequently compiling the bank's high-level performance information. Ex-Im officials stated that

¹⁹Ex-Im's non-deductible multibuyer insurance product is available only to small businesses with less than \$5 million in open-account sales and covers 95 percent on all foreign receivables.

²⁰We previously reported that agencies can apply these practices to enhance or facilitate the use of performance information: see GAO, *Managing for Results: Enhancing Agency Use of Performance Information for Management Decision Making*, [GAO-05-927](#) (Washington, D.C.: September 2005).

they are in the beginning stages of putting into place a new data reporting system that will include improved capabilities for the compiling and management review of information related to its small business performance measures. In addition, though preliminary data provided to us for fiscal year 2007 had not been shared internally, Ex-Im officials said that they plan to report regularly on data from the May 2008 Small Business Plan's measures to relevant management and staff in the future.

Table 1: Status of Ex-Im's Efforts to Apply Practices to Facilitate Use of Small Business Performance Information

Key practice	Examples of practice	Ex-Im efforts to apply practice
Demonstrating management commitment	Agency managers can demonstrate commitment to results-oriented management through leading and involving staff from different levels in regular performance review meetings to discuss progress made toward achieving results.	<ul style="list-style-type: none"> • Small Business Committee meetings discuss some performance information on ad-hoc basis. • Ex-Im has not held small business performance review meetings.
Aligning goals and measures	Agencies can encourage greater use of performance information by aligning program performance measures with goals and day-to-day activities.	<ul style="list-style-type: none"> • Most small business performance standards clearly link to measures. • Some standards lack measures.
Improving the usefulness of performance information ^a	To ensure performance information meets users' needs, agencies can implement practices such as using an assessment tool to document the intended use of a measure, assess the information and system in which data are kept, and identify any limitations in data.	<ul style="list-style-type: none"> • Some measures revised or clarified in May 2008 plan to be more useful and relevant. • No data systems or processes established to compile, analyze, and disseminate information from measures to date. • Ex-Im is beginning to implement a new data reporting system.
Developing agency capacity	Agencies can build analytical capacity to use performance information by providing training to staff on setting performance standards and measures, analyzing data, and using information to revise standards and measures; as well as by providing staff access to technical resources and evaluation support staff.	<ul style="list-style-type: none"> • Ex-Im has not provided institutional training to staff in this area. • Office responsible for data analysis has no designated technical or evaluation support staff.
Communicating performance information ^b	To enhance communication among staff and stakeholders, agencies can provide performance updates through regular e-mail; distribute performance review meeting minutes; or use visual tools such as poster displays, performance score cards, or agency intranet sites to share performance information.	<ul style="list-style-type: none"> • Small Business Plan not widely disseminated within agency. • Information on some measures disseminated to staff via quarterly e-mail updates and reports. • Preliminary results for some other measures compiled but not disseminated internally to date. • Officials plan to disseminate 2008 plan and to report data from the plan's measures internally.

Source: GAO analysis.

^aTo be useful, performance information should ideally meet users' needs for completeness, accuracy, consistency, timeliness, relevance, accessibility, and ease of use.

^bWe previously reported that frequent, regular communication is key for managers to inform staff and other stakeholders of their commitment to achieve the agency's goals and to keep those goals in mind as they pursue day-to-day activities.

Conclusions

While Congress has repeatedly directed Ex-Im to increase its efforts—and its financing—for small businesses, in the 2006 Reauthorization Act it provided more detailed, wide-ranging guidance for a systematic approach to measure and assess Ex-Im's small business financing activities. That legislation calls for certain organizational changes, and for the development of a framework for setting goals and tracking progress. In response, Ex-Im has developed a small business plan that contains performance standards relevant to most, although not all, of the functions referred to in the act. In particular, Ex-Im has developed performance standards for improving customer service and outreach and for modernizing and streamlining its processes.

We found, however, there are ways in which Ex-Im can improve its performance standards. For example, for some functions referred to in the act, Ex-Im has not developed performance standards that directly apply. In addition, while the act calls for Ex-Im to determine how well it is achieving the functions through its performance standards, some of the performance measures Ex-Im has developed to do this lack measurable targets and time frames. In addition, with respect to small businesses owned by socially and economically disadvantaged individuals and by women, Ex-Im has recently introduced a performance standard for increasing financing. However, Ex-Im has not developed a specific performance measure to track this financing and has cited challenges with respect to doing so. While there is some validity to Ex-Im's concerns regarding the limited reliability of data for identifying these businesses, we noted that Ex-Im has reported estimated values for certain types of its financing in this area. Thus, despite the limitations Ex-Im faces, it has already taken steps to report on its performance with regard to these businesses.

Finally, while Ex-Im has produced performance standards and performance measures, it is in the early stages of incorporating the resulting performance information into its management practices and culture. For a number of aspects of its small business financing, Ex-Im is just starting to collect and assess information. It now faces an ongoing challenge of using this information effectively through practices such as widespread communication and relevant training.

Recommendations for Executive Action

We make the following three recommendations:

1. To more fully address the mandate in the 2006 Reauthorization Act regarding performance standards related to assisting small businesses:

We recommend that Ex-Im establish standards specifically addressing those functions referred to in the 2006 act that are not directly addressed by its current performance standards.

2. To improve Ex-Im's ability to obtain critical information from its performance measures on how well it is achieving its performance standards to improve small business assistance:

We recommend that Ex-Im review those performance measures which lack measurable targets and time frames and revise the measures to provide those elements, in the context of available information.

3. With respect to its lack of performance measures for its standard of increasing financing for small businesses owned by socially and economically disadvantaged individuals and by women:

We recommend that Ex-Im take steps to establish performance measures, such as through establishing a measure based on the estimated data it currently reports and identifying ways to improve the reliability of its data in this area.


Agency Comments and Our Evaluation

We provided a draft of this report to the Export-Import Bank of the United States. We received written comments from the Chairman and President of Ex-Im Bank, which are reprinted in appendix V. The Chairman and President reiterated our message that Ex-Im has standards for most of the functions referred to in the 2006 Reauthorization Act and stated that Ex-Im found the information in the report useful for the bank's planning efforts. He stated that Ex-Im concurred with our recommendations and he identified steps the bank will take to implement them.

We will send copies of this report to the appropriate congressional committees and the Export-Import Bank of the United States. We also will make copies available to others upon request. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff members have any questions about this report, please contact me at (202) 512-4128 or YagerL@gao.gov. Contact points for our

Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Other GAO contacts and staff acknowledgments are listed in appendix IV.

A handwritten signature in black ink that reads "Loren Yager". The signature is written in a cursive style with a large initial "L" and "Y".

Loren Yager
Director, International Affairs and Trade

Appendix I: Scope and Methodology

The Export-Import Bank Reauthorization Act of 2006 mandated that the Export-Import Bank (Ex-Im) develop—and GAO conduct a study of—performance standards for determining the extent to which Ex-Im has successfully carried out its assistance to small businesses. The mandate places a special emphasis on Ex-Im’s assistance to small businesses owned by socially and economically disadvantaged individuals and those owned by women. In response to the mandate, this report (1) evaluates the extent to which Ex-Im’s performance standards address certain bank functions referred to in the 2006 Reauthorization Act related to small businesses, (2) evaluates how effectively Ex-Im is measuring the achievement of these performance standards related to small businesses, including those related to small businesses owned by socially and economically disadvantaged individuals and by women, and (3) evaluates how Ex-Im has used performance information in assisting small businesses and what steps Ex-Im has taken to facilitate and enhance that use.

To assess the extent to which Ex-Im’s performance standards address the functions referred to in the 2006 Reauthorization Act, we reviewed section 19 of the Export-Import Bank Reauthorization Act of 2006 (P.L. 109-438) to identify the functions contained in the statutory provisions referred to in the requirement for performance standards. With the assistance of our General Counsel’s office, we identified and compiled a list of the relevant functions, which we provided to Ex-Im on March 31, 2008, for its review and comment as to completeness and accuracy.

We also compiled a list of Ex-Im’s small business performance standards based on a review of Ex-Im’s 2006 Small Business Plan and its updated 2008 Small Business Plan. We identified 28 performance standards in that plan. Although the plan refers to “goals,” “key goals,” and “key performance standards,” for the purposes of this review, based on our internal discussions and concurrence from Ex-Im officials, we determined that these concepts are equivalent to performance standards, or the level of performance to be achieved by a program or activity.

In addition, we reviewed the identified legislative functions and compared them to Ex-Im’s performance standards to determine which, if any, of the standards were relevant to each function. In some cases, we found that multiple performance standards were relevant to a function, and some performance standards were relevant to more than one function. We determined that Ex-Im’s performance standards were not applicable to 2 of the 30 functions because the functions were specific to the creation of a position within the bank relevant to small business concerns. Finally, we

analyzed the extent to which Ex-Im's performance standards address each function, to determine whether the standards generally address all aspects of the respective function, address some aspects of the function, or do not directly address the function. In conducting this analysis, two analysts independently analyzed the functions in comparison to the standards and subsequently discussed any areas where their analyses differed. Another analyst and a methodologist subsequently reviewed their work for consistency, accuracy and logic, and comprehensiveness.

To evaluate how effectively Ex-Im is measuring the achievement of its performance standards, we reviewed Ex-Im's 2006 Small Business Plan and its Small Business Performance Standards document. On May 19, 2008, Ex-Im provided us with its 2008 Small Business Plan (updated 2006 plan.) We identified 27 measures in the 2008 plan that Ex-Im was using to assess the extent to which it was achieving its goals in the plan. For the purposes of this review, we considered the 27 measures Ex-Im's performance measures. We assessed Ex-Im's performance measures using eight key attributes of successful performance measures developed in our previous work, including having clarity, linking to one or more goal (performance standard) in the Small Business Plan, addressing core program activities, being observable, having measurable targets, specifying time frames, constituting limited overlap, and covering one or more governmentwide priorities. We have used this methodology to assess and report on performance measures for the Internal Revenue Service's income tax filing season program,¹ and for the Small Business Administration's 7(a) loan program.² We also coordinated with several experts within GAO on performance-measure-related issues.

Two analysts conducted separate assessments of measures against the attributes. They reached agreement on the extent to which the measures fully addressed, partially addressed, or did not address the attributes. The coding worked as follows: "fully address" was when the measure contained all the elements of an attribute; "partially address" was when the measures contained at least one but not all the elements of an attribute; and "does not address" was when the measure did not contain any elements of an attribute. An assistant director reviewed the analysis and

¹GAO, *Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures*, [GAO-03-143](#) (Washington D.C.: Nov. 22, 2002).

²GAO, *Small Business Administration: Additional Measures Needed to Assess 7(a) Loan Program's Performance*, [GAO-07-769](#) (Washington D.C.: July 13, 2007).

the three individuals came together to reach a final consensus. A senior methodologist reviewed the methodology and the matrix for completeness and balance.

To assess how Ex-Im has used performance information from its assistance to small businesses and what steps it has taken to facilitate and enhance that use, we interviewed Ex-Im officials and reviewed Ex-Im documents, including its annual reports and Small Business Plan. Our interviews with Ex-Im officials included discussions on how they have used performance information to manage and steps they have taken to implement key practices we have identified for facilitating the use of this information, including demonstrating management commitment, improving the usefulness of performance information to better meet management's needs, developing agency capacity, and frequently and effectively communicating performance information. We previously reported that agencies can apply these practices to enhance or facilitate the use of performance information.³ We also reviewed preliminary data Ex-Im provided to us on the results of its efforts to assist small businesses in fiscal year 2007, as well as minutes of focus group meetings Ex-Im conducted with customers between September 2006 and June 2007, and minutes of Ex-Im's Small Business Committee Meetings held between March 2006 and March 2008.

We determined that the data used in this report were sufficiently reliable for our purposes. Any Ex-Im financial data we reported were for background purposes only and have been audited by public auditors; any Ex-Im preliminary performance information we discussed was for illustrative purposes and its reliability was not within the scope of this report. We conducted this performance audit from November 2007 to July 2008, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

³GAO, *Managing for Results: Enhancing Agency Use of Performance Information for Management Decision Making*, GAO-05-927 (Washington, D.C.: September 2005).

Appendix II: Ex-Im's Small Business Performance Standards

We identified 28 performance standards for small business assistance in Ex-Im's 2008 Small Business Plan, released in May 2008. The performance standards, listed in table 2 below, fall into nine subject or product areas.

Table 2: Ex-Im's Performance Standards for Assisting Small Business Exporters

Subject or Product Area	No.	Description
Overarching	1	To make available, from the aggregate loan, guarantee, and insurance authority available to Ex-Im, not less than 20percent of such authority for each fiscal year to directly support exports by small businesses.
	2	To continue to grow the dollar amount of Ex-Im authorizations for small businesses and for minority-owned businesses or women-owned businesses. ^a
	3	To continue to grow the number of export transactions involving small businesses and minority-owned businesses or women-owned businesses, supported by Ex-Im.
	4	Awareness—Information about the assistance Ex-Im can provide is readily available to small businesses, regardless of industry, ownership, geographic location, etc.
	5	Accessibility—Small businesses have fast and easy access to Ex-Im in order to learn about its product offerings and apply for financing support.
	6	Responsiveness—Small businesses receive answers about the availability of financing in a timely manner that facilitates business activity.
Customer service	7	Be recognized as providing excellent customer service to the small business exporting community.
Distribution channels	8	Expand use of all programs through active channels to directly support small business.
	9	Engage new channels specifically to support small business.
	10	Add new distribution partners.
Outreach and marketing	11	Increase outreach to small business exporters and multipliers.
	12	Continue to train small business exporters and partners/multipliers with regard to Ex-Im products and processes.
	13	Expand the marketing channels utilized to reach small business exporters and multipliers.
	14	Improve communication with insurance broker and city/state partner multipliers.
Ex-Im On-line system	15	Enhance and improve features of the Ex-Im Online system in order to maximize the benefits and value provided to exporters, in particular small businesses, in electronic submission, processing and servicing, and policy management.
	16	Reduce cycle time of applications and policies processing.
	17	Improve consistency and quality of data and services provided, particularly to small business.
	18	Reengineer business processes, particularly for products and programs used by small businesses, as well as those programs that provide significant indirect support for those businesses.
Working Capital Guarantee Program	19	Growth target for the Working Capital Guarantee Program is to increase small business final commitment authorizations to \$1.12 billion in 3 years.

**Appendix II: Ex-Im's Small Business
Performance Standards**

Subject or Product Area	No.	Description
Short-Term Export Credit Insurance Programs	20	Expand the use of (Short-Term Export Credit) insurance products by small business exporters.
	21	Improve (Short-Term Export Credit Insurance) products so they are easier to understand, easier to use, and provide more value to small business exporters.
Other Ex-Im Bank Small Business Products	22	Expand use of medium and long-term products in direct support of small business.
	23	Expand indirect support of small businesses acting as suppliers and sub suppliers to large businesses that are beneficiaries of Ex-Im Bank financing.
Small Business Committee	24	Provide a bank-wide focus on small business.
	25	Report and evaluate each unit's small business performance.
	26	Identify opportunities for cross-selling and expanding the use of bank programs for small business.
	27	Measure progress toward meeting the plan/objectives and adjust actions.
	28	Serve as a vetting forum for new small business initiatives.

Source: GAO analysis of Ex-Im's 2008 Small Business Plan.

^aThe Reauthorization Act refers to businesses owned by socially and economically disadvantaged individuals and those owned by women. Ex-Im refers to these businesses as minority and women-owned businesses.

Appendix III: Analysis of Ex-Im's Performance Standards Relative to Legislative Functions

Figure 2 shows the extent to which each of the legislative functions referred to in the 2006 Reauthorization Act mandate is addressed by Ex-Im's small business performance standards.

Figure 2: Extent to Which the Functions Referred to in the 2006 Export-Import Bank Reauthorization Act Are Addressed by Ex-Im's Performance Standards for its Assistance to Small Businesses

	Functions referred to in the 2006 Reauthorization Act	Extent to which legislative function is addressed by Ex-Im's performance standards
1	As a matter of policy, encourage the participation of small business in international commerce.	●
2	Develop program which gives fair consideration to making loans and providing guarantees for the export of goods and services by small businesses.	●
3	Aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise.	●
4	Designate an officer responsible for all matters affecting small business concerns.	N/A: personnel
5	(Responsibility of the above officer) Advise small business concerns regarding opportunities in the functions of the Bank.	●
6	(Responsibility of the above officer) Advise small businesses with particular emphasis on conducting outreach and increasing loans to socially and economically disadvantaged small businesses.	●
7	(Responsibility of the above officer) Advise small businesses with particular emphasis on conducting outreach and increasing loans to small businesses owned by women.	●
8	(Responsibility of the above officer) Advise small businesses with particular emphasis on conducting outreach and increasing loans to small businesses employing fewer than 100 employees.	○
9	The Director appointed to represent the interests of small business shall ensure that the Bank's financial and other resources are (to the maximum extent possible) appropriately used for small business needs.	●
10	Not less than 20 percent of Bank's aggregate loan, guarantee, and insurance authority should be used to finance exports directly by small businesses.	●
11	From the above amount made available, it shall be a goal of the Bank to increase the amount made available to finance exports directly by socially and economically disadvantaged small businesses and small businesses owned by women. ^a	●
12	Use amount set aside above (not less than 20 percent...) to offer financing for small business exports on terms which are fully competitive with regard to interest rates and without regard to a disapproval by any other federal agency.	●
13	Utilize part of amount set aside to provide lines of credit or guarantees to consortia of small or medium size banks, export trading companies, State export finance agencies, export financing cooperatives, small business investment companies, or other financing institutions or entities in order to finance small business exports.	●
14	For the above, financing shall only be made available where consortia or participating institutions agree to undertake processing, servicing, and credit evaluation functions in connection with such financing.	◐
15	To maximum extent possible, delegate authority to consortia/institutions/entities to approve financing referred to above.	◐

Continued on the next page

**Appendix III: Analysis of Ex-Im's
Performance Standards Relative to
Legislative Functions**

	Functions referred to in the 2006 Reauthorization Act	Extent to which legislative function is addressed by Ex-Im's performance standards
16	In administering consortia program (utilizing part of set aside), provide technical assistance to participating consortia.	○
17	In administering program (utilizing part of set aside), the Bank may require such consortia periodically to furnish information to the Bank regarding the number and amount of loans made and the creditworthiness of the borrowers.	◐
18	Promote small business exports and small business export financing programs in cooperation with Commerce.	◐
19	Promote small business exports and small business export financing programs in cooperation with SBA/Office of International Trade.	○
20	Maintain liaison with SBA and other departments/agencies in matters affecting small businesses.	○
21	Promote small business exports and small business export financing programs in cooperation with the private sector, particularly small business organizations, State agencies, chambers of commerce, banking organizations, export management companies, export trading companies, and private industry.	●
22	Provide, through creditworthy trade associations, export trading companies, State export finance companies, export finance cooperatives, and other multiple-exporter organizations, medium term risk protection coverage for members and clients of such organizations. Coverage shall be made available under a single risk protection policy covering its members or clients.	◐
23	Implement technology improvements designed to improve small business outreach, including allowing use of Internet to apply for small business programs.	●
24	Undertake efforts to enhance the Bank's capacity to provide information about its programs to small and rural companies which have not previously participated in the programs.	○
25	Small Business Division is established to carry out functions and activities relating to outreach, feedback, product improvement, and transaction advocacy for small business concerns.	●
26	(Small Business Division) to advise and seek feedback from small business concerns on opportunities and benefits for small businesses in financing products offered by the Bank, with particular emphasis on conducting outreach, enhancing the tailoring of products to small business needs, and increasing loans to small businesses.	●
27	(Small Business Division) to provide oversight of development, implementation, and operation of technology improvements to strengthen small business outreach, including statutorily required technology improvements.	●
28	Ensure that each operating division within the Bank has staff that specializes in processing transactions that primarily benefit small businesses (Small Business Specialists).	N/A: personnel
29	Establish a Small Business Committee to coordinate the Bank's initiatives and policies with respect to small business concerns, including: processing and underwriting of transactions involving direct exports by small businesses, and development and coordination of efforts to implement new or enhanced Bank products pertaining to small businesses.	●
30	Establish within the Small Business Division an office whose sole function shall be to continue/enhance outreach to, and increase the total amounts of loans, guarantees, and insurance provided by the Bank to support exports by, socially and economically disadvantaged small businesses and small businesses owned by women. ^a	●
<p>● Ex-Im's performance standards generally address all aspects of the function ◐ Ex-Im's performance standards address some aspects of the function ○ None of the performance standards appear to directly address the function</p> <p>N/A: personnel = Ex-Im's performance standards are not applicable to the function because the function is specific to the creation of a position within the bank relevant to small business concerns.</p>		

Source: GAO analysis of Ex-Im's small business performance standards to the statutory provisions referred to in the requirement for performance standards in section 19 of the 2006 Export-Import Bank Reauthorization Act.

^aThe Reauthorization Act refers to businesses owned by socially and economically disadvantaged individuals and those owned by women. Ex-Im refers to these businesses as minority and women-owned businesses.

Appendix IV: Analysis of Targets and Time Frames in Ex-Im's Performance Measures

Ex-Im developed 27 performance measures to assess whether the bank is achieving the 28 performance standards in its 2008 Small Business Plan. Table 3 shows the extent to which these performance measures have measurable targets and time frames.

Table 3: Extent to Which Ex-Im's 27 Performance Measures Have Measurable Targets and Time Frames

No.	Measure	Attributes	
		Measurable Target	Time Frame
1	Ex-Im Bank will utilize the results of the customer service focus groups to establish the baseline for future improvements and appropriate metrics for on-going assessments.		
2	Financial institutions: tracking of actual activity by products, transactions, and dollar volumes (authorizations).		
3	Insurance Brokers: tracking of actual activity by products, transactions, and dollar volumes (authorizations).		
4	City/state partners: via voluntary reporting, track activity by products, transactions, and dollar volume (authorizations).		
5 ^a	Regional domestic development officers will be measured against their individual targeted goals - based on need within their region. Goals will include number of transactions, dollar value of transactions, new-to-Ex-Im transactions, new multipliers and outreach activity, including focus on minority and women-owned small business exporters.	X	X
6	Trade associations: measurement will be made of the number of new member organizations that have collaborated with Ex-Im and to the extent that the collaboration provides access to the organization's small business exporters. Benchmarks will include success in establishing Web-links, member communication including e-newsletter, publications and surveys, speaking opportunities at association conferences and trade shows and access to association leadership.		
7	Degree of success in getting incremental USG involvement with Ex-Im in terms of new activity with small business exporters using Ex-Im products		
8	Increase the number of business partners by no less than 20 per annum through fiscal year 2010.	X	X
9 ^a	Monitor number of outreach events (speaking engagement, trade shows, conferences) undertaken by staff.	X	X
10	Growth of 5 percent per annum for minority and women-owned small business speaking engagements, conferences and training sessions through fiscal year 2010.	X	X
11	Report the number of Ex-Im-Bank-sponsored training events, attendees and revenue generated.		
12	Track the type, number, and volume of direct mail campaigns and the leads from each separate campaign.		
13	Track the number of additional third-party Web links obtained by the regional staff, the minority and women-owned staff, and the association development staff.		
14	Maintain a level of not less than 200 small business exporter outreach events annually.	X	X
15	Improve cycle time and productivity by 15 percent a year (within 12 months of deployment).	X	X
16	Reduce policy cancellation rates attributable to customer dissatisfaction with administrative requirements and application processing times.		

**Appendix IV: Analysis of Targets and Time
Frames in Ex-Im's Performance Measures**

No.	Measure	Attributes	
		Measurable Target	Time Frame
17	Increase the total dollar amount of Working Capital Guarantee Program authorizations over fiscal year 2007 among current and new lenders by approximately 13 % in 3 years, to reach the target of \$1.12 billion.	X	X
18	Achieve \$400 million in Working Capital Guarantee Program authorizations (15 to 20 transactions) committed under Fast Track in 3 years. In fiscal year 2007 Business Credit completed 9 Fast Track transactions totaling \$173 million.	X	X
19	Relationship managers to call on all major customers of the Working Capital Guarantee Program annually.	X	X
20	Work with Short Term Trade Finance to identify exporters needing both Working Capital Guarantee Program loans and credit insurance.		
21	Increased retention rate for small business multibuyer policies, from historical rate of 75 percent to 85 percent in 3 years. Although some turnover is natural as customers graduate from the Ex-Im insurance program and obtain private- sector coverage, other customers are unable to use the policies effectively. By implementing a retention program and working with these customers more closely, Ex-Im Bank plans to reach a retention rate of 85 percent within 3 years.	X	X
22	Increased volume in terms of number of policies, amount of authorizations, and amount of shipments, under short-term exporter single and multibuyer policies. The growth target for these policies is to increase total small business authorizations to \$1.3 billion.	X	X
23	Improve average transaction cycle time for medium-term products by 20 percent over the next 3 years as measure in days from receipt to authorization.	X	X
24	Achieve \$1.2 billion per annum in direct small business support via all TFI products by 2010.	X	X
25	Transaction processing times for short term exporter insurance products: New multibuyer policy quotations: within 15 days of submission. Multibuyer policy renewals: 75 percent renewed 30 days prior to expiry date; 95 percent renewed prior to expiry date. Exporter single buyer policies: \$300,000 to \$1 million within 10 to 15 days. Special buyer credit limits (new and renewal): \$300,001 to \$1 million within 10-15 days; over \$1 million in 15 to 30 calendar days.	X	X
26	Transaction processing times for short-term working capital guarantee products: Non-delegated authority transactions of \$2.5 million or less within 30 days of submission; Nondelegated authority transactions of greater than \$2.5 million and less than or equal to \$5million - within 60 days of submission; Non-delegated authority transactions of more than \$5 million within 90 days of submission. Waiver requests within 10 days of submission.	X	X
27	Transaction processing times for short-term bank-held insurance products, medium-term insurance and guarantees, and long-term sovereign guarantees: Issuing bank credit limits (new and renewal): 80 percent completed within 15 days of submission. New financial institution policies: 80 percent completed within 60 days of submission. Medium-term loans and guarantees: 5 percent completed within 60 days of submission.	X	X

Source: GAO analysis and Ex-Im 2008 Small Business Plan.

^aWe found that Ex-Im has targets and time frames for these measures but Ex-Im has not yet incorporated them into its 2008 Small Business Plan.

Appendix V: Comments from the Export-Import Bank



JAMES H. LAMBRIGHT
CHAIRMAN AND PRESIDENT

EXPORT-IMPORT BANK
OF THE UNITED STATES

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July 8, 2008

Loren Yager
Director, International Affairs and Trade
U.S. Government Accountability Office
Washington, D.C. 20548

Dear Mr. Yager:

Thank you for providing the Export-Import Bank of the United States ("Ex-Im Bank") with the opportunity to comment on GAO's June 26, 2008 draft report.

Since enactment of the 2006 Reauthorization Act ("Act"), Ex-Im Bank has developed 28 performance standards for its "assistance to small businesses, ranging from providing excellent customer service to increasing outreach." We are pleased that GAO has concluded that those 28 performance standards address most of the functions referred to in the Act.

Ex-Im Bank is committed to providing assistance to small businesses, including minority- and women-owned small businesses. We believe we demonstrated to your team that we have produced results for many of those functions regardless of whether or not we have performance standards for them.

The following are Ex-Im Bank's responses to GAO's recommendations:

1 & 2. "We recommend that Ex-Im establish standards specifically addressing those functions referred to in the 2006 act that are not directly addressed by its current performance standards."

"We recommend that Ex-Im review performance measures which lack measurable targets and time frames and revise the measures to provide those elements, in the context of available information."

Ex-Im Bank agrees with both recommendations and will incorporate them into the 2009 Small Business Plan, which will be the focus of the Senior Vice President for Small Business and the Small Business committee in the next few months.

811 VERMONT AVENUE, N.W. WASHINGTON, D.C. 20571

Appendix V: Comments from the Export-Import Bank

Loren Yager
July 8, 2008
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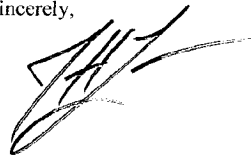
3. "With respect to its lack of performance measures for its standard of increasing financing for small businesses owned by socially and economically disadvantaged individuals and by women, we recommend that Ex-Im take steps to establish performance measures such as through establishing a measure based on the estimated data it currently reports and identifying ways to improve the reliability of its data in this area."

Ex-Im does attempt to collect data regarding its support for small businesses owned by socially and economically disadvantaged individuals and by women. However, Ex-Im faces several challenges in obtaining this data. Although some applicants provide this information, the response is quite low and Ex-Im cannot require applicants to provide the information. Ex-Im also cross checks applicant names with data provided by Dun & Bradstreet (D&B) and uses the D&B indicators for women and minority owned businesses if it is available. However D&B has indicated that they also have difficulty gathering this data and cannot vouch for the accuracy of the data if it is available.

Although there are limitations in the accuracy and availability of data to identify small businesses owned by socially and economically disadvantaged individuals and by women, Ex-Im recognizes the importance of measuring its progress in increasing assistance in these areas. Ex-Im will develop performance measures with measurable targets and time frames within the limitations of the data available and work to improve data collection and accuracy.

We very much appreciate GAO's cooperative and informative approach to the review of small business performance standards. Ex-Im Bank is new to developing performance standards that meet GAO's eight key attributes of effective performance measures and therefore found the information exchange between our two teams to be a productive and educational two-way street. This exchange will facilitate our continuous efforts to develop a performance plan that helps produce better and increased support for small business exporters.

Sincerely,



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Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

Loren Yager, (202) 512-4128 or YagerL@gao.gov

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In addition to the person named above, the following staff made key contributions to this report: Celia Thomas, Assistant Director; Lisa Helmer; and Nina Pfeiffer. The following staff provided technical assistance: Karen Deans, David Dornisch, Etana Finkler, and Ernie Jackson.

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