# ANNUAL REPORT 2023

DFC U.S. International Development Finance Corporation

PHOTO CREDIT: MATTHEW PAULSON

“2023 was a great year for DFC. By adding more to our portfolio than ever before, DFC is addressing critical development challenges, advancing U.S. strategic interests, and mobilizing private capital to advance stability and prosperity around the world.”

—DFC CEO Scott Nathan

**MISSION:** Our mission is to drive development impact, advance foreign policy priorities, and strengthen national security through the mobilization of capital to worthy projects and companies.

**VISION:** Our investments advance sustainable economic development and promote stability around the world.


# Table of Contents

# Foreword from CEO Scott Nathan

In 2023, the U.S. International Development Finance Corporation (DFC) had more activity and made greater impact than ever before. DFC financing provided communities with reliable access to energy and high-quality infrastructure, including safe and secure digital connectivity. We mobilized private capital to strengthen food security and health systems, while supporting the small businesses critical to generating jobs and opportunity. Across key sectors and regions, DFC worked diligently to drive development impact, advance foreign policy priorities, and strengthen national security through the mobilization of capital.

The DFC portfolio has now surpassed $40 billion and spans 112 countries. But the numbers tell only part of the story. All of DFC's efforts are guided by a belief that unleashing the power of the private sector is a critical pathway to advancing sustainable economic development and promoting stability around the world. In the markets where we work, DFC brings more than private capital; we offer an alternative approach to development finance, supporting projects that adhere to high standards for labor, the environment, and transparency. Financing high-quality, financially sustainable projects has been a focus for DFC from our beginning. In 2023, we committed to 132 transactions and continued to enhance our capacity to deliver.

DFC financing is a driving force behind the Partnership for Global Infrastructure and Investment (PGI), the flagship initiative led by the United States and our Group of Seven (G7) allies to advance strategic, values-driven infrastructure investment in low-to-middle-income countries. In 2023, we worked to diversify critical supply chains and to compete for marquee infrastructure projects.

DFC's accelerated efforts have been most apparent in the Indo-Pacific, where our portfolio has tripled over the past three years. In Vietnam, for example, DFC's portfolio has increased from just $50 million in 2021 to more than $700 million today. In India, DFC's largest global market, we are partnering with the country's dynamic private sector to promote development and advance the economic leadership of both our nations in the economic sectors and industries that will shape the future.

Beyond the Indo-Pacific—and in every region where DFC operates, from Africa to Latin America and the Caribbean—DFC increased our activities and transaction volume in 2023. Talented teams in every part of the organization worked harder than ever to advance sustainable economic development and promote stability around the world.

DFC invests where U.S. values and interests intersect. I encourage you to read through this report for more examples of the impact we have created by unleashing the power of private capital on a global scale. As we set our sights on new goals for DFC's fifth year, we remain committed to pushing innovative ways to deliver positive change where it matters most.

# DFC by the Numbers

## FY23 Financing at a Glance

DFC had an unprecedented year in FY23. Learn more here: DFC at Work

**$9.3 billion** in total financing committed **across 132 transactions** (nearly doubling the organization's total FY20 commitments).

**73%** in low-income or lower-middle-income countries.

**$8.1 billion to meet the challenge put forward by the G7 Partnership for Global Infrastructure and Investment (PGI).** The majority of DFC's FY23 investment commitments advance PGI, a cross-cutting initiative that finances energy, physical, digital, health, and climate-resilient infrastructure in countries around the world.

**$1.1 billion total exposure in support of Ukraine's resilience and recovery.** Ukraine's economic growth and recovery depends, in part, on its ability to harness the power of the private sector and mobilize private investment. DFC is using all its tools—including political and war risk insurance, equity investment, and debt financing—to help sustain Ukraine's economic recovery and position the country for reconstruction.

**$1 billion reached in food security investments.** With millions of people on the brink of famine, DFC remains committed to expanding access to food today and helping to protect against future food crises.

**$3.7 billion committed in FY23 for climate financing.** DFC is helping communities around the world capture the once-in-a-generation economic opportunity that the clean energy transition represents.

**$2.5 billion committed in FY23 to support women's economic empowerment.** The world's largest emerging market isn't a country or region; it's the world's women. DFC has prioritized supporting women's employment and advancement in the workforce and on-lending to women-led and women-owned businesses.

(All Fiscal Year 2023, unless otherwise noted)

## FY23 Financing at a Glance (continued)

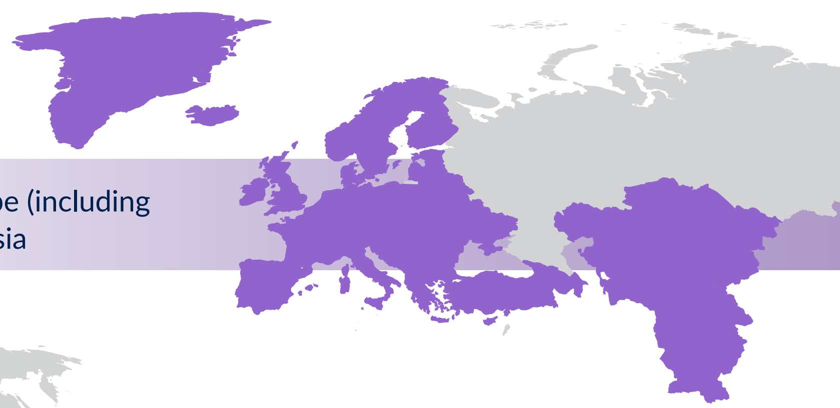
### **$40+ billion** reached in total exposure spanning **112 countries**

**$9.6 billion** in the Western Hemisphere

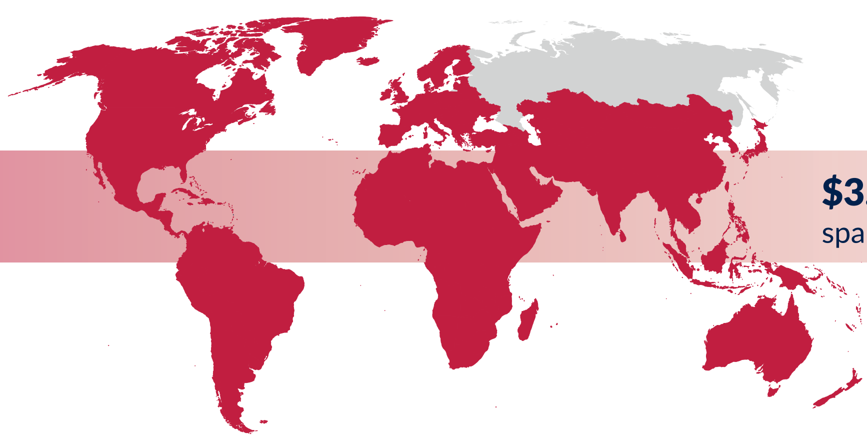
**$3.0 billion** in the Middle East and North Africa (MENA)

**$10.5 billion** in Sub-Saharan Africa

**$8.5 billion** in the Indo-Pacific



**$6.9 billion** in Europe (including Ukraine) and Central Asia



**$3.5 billion** in projects that span multiple regions

The above exposures are as of 09/30/2023 and exclude cross-cutting limits on insurance claims. See the map here for an example: dfcgov.my.canva.site/fy23

## Impact Results

DFC clients begin to report their impact results one year following first disbursement. The data below reflects the achievements of 120 clients.

### INFRASTRUCTURE AND CRITICAL MINERALS

**42 million** passengers and over **29,000** metric tons of bulk cargo transported.

**1.8 million** households gained access to new or improved water and sanitation systems.

### ENERGY

**5,419GWh** of renewable energy produced, enough to meet the electricity needs of **5.9 million** people.

**112,000** connections to off-grid power systems, increasing access for an estimated **half-million** people.

### HEALTH

**790 million** vaccines and booster doses procured to address COVID-19.

**52 million** patients provided access to healthcare products and services.

### FOOD SECURITY AND AGRICULTURE

**3.9 million** smallholder farmers supported.

**$57 million** in export sales generated.

### SMALL BUSINESS AND FINANCIAL SERVICES

**1.4 million** micro, small, and medium-sized enterprises (MSMEs) and individuals were directly provided financial services.

**198 million** individuals or enterprises were indirectly provided financial services through financial intermediaries or funds.

### ACCESS TO CAPITAL FOR WOMEN AND OTHER UNDERREPRESENTED GROUPS

**42%** of borrowers were women or women-led enterprises.

**45%** of customers were low-income individuals.

### ADAPTATION AND RESILIENCE

**40%** of new commitments are climate-related, furthering climate mitigation, adaptation, or sustainable landscapes.

# Advancing U.S. Strategic Goals and Driving Development Impact

**DFC works at the nexus of U.S. foreign policy and international development priorities. From Colombia to Vietnam, from Ukraine to the Democratic Republic of the Congo, DFC's work stands as a testament to the value of building economic opportunity globally in line with U.S. strategic goals. As DFC CEO Scott Nathan told Congress in October, "Stability, economic opportunity, and free enterprise are directly in the United States' interest."**

At a time of unprecedented global challenges, when foreign assistance alone cannot meet the needs of developing countries, DFC brings a unique suite of tools that support economic growth, build infrastructure, and strengthen emerging economies. Using the enhanced authorities Congress provided through the Better Utilization of Investments Leading to Development (BUILD) Act of 2018, DFC crowds-in private capital and employs market-driven solutions to meet development needs while advancing U.S. strategic interests. DFC works with the private sector to create enduring and economically viable solutions to global challenges without adding unsustainable sovereign debt. This includes supporting high-quality infrastructure, diversifying supply chains, strengthening U.S. climate finance and energy security, providing trusted and secure communications, ensuring access to critical minerals, advancing food and health security, and supporting small businesses and private enterprise.

As an important instrument of U.S. foreign policy, DFC promotes U.S. national security interests by providing financing alternatives that: (1) adhere to high standards of transparency and sustainability, (2) result from collaboration with bilateral and multilateral partners and allies, and (3) help diversify and secure supply chains and critical infrastructure.

Our transactions are built around meeting our high standards with attention to labor and human rights, as well as environmental and social impacts. They are values-driven, sustainable, transparent, top-quality, and structured to last the test of time.

Our ambition to become the best-in-class development finance institution has put our strategic competitors on notice. By offering a high-standard, values-driven alternative, DFC not only competes for prominent projects in important markets, we also cultivate free markets where clients demand high-quality projects and financing solutions to meet enduring needs. As the demand for DFC financing grows, we are continuing to scale our capacity and refine our tools so we may increase our investments and build greater stability and prosperity around the world.

## A Higher Standard for Infrastructure Financing

DFC's infrastructure financing provides an alternative offering to our strategic competitors, adhering to high standards for labor and the environment in quality projects that are responsive to local needs. Because DFC partners with the private sector, the financing we provide improves a market's overall competitiveness and resilience without increasing a nation's sovereign debt. With the private-sector-driven model DFC offers, the United States is helping to address the global gap for infrastructure financing, and at the same time raising the bar for the quality of infrastructure investment globally.

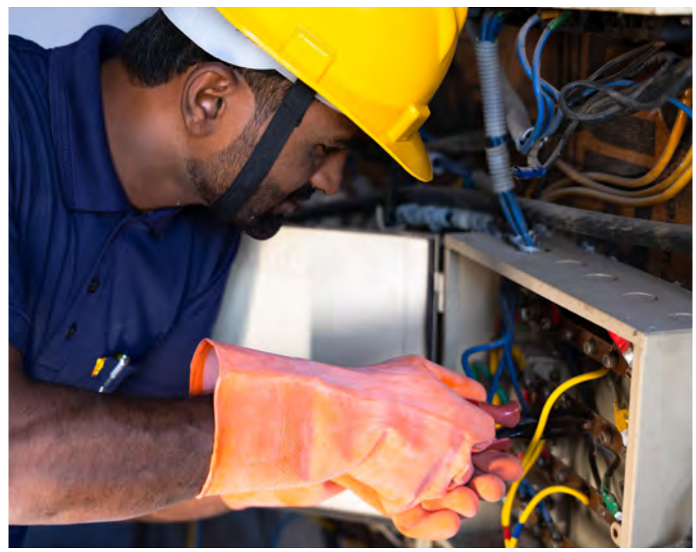
DFC prioritizes transactions in high-quality infrastructure, including support for seaports, airports, and railways that connect communities to the opportunities of the global marketplace. In 2023, DFC financing advanced the modernization of seaports in Ecuador and Sri Lanka, and a shipyard in Greece.

DFC also invests in 21st-century infrastructure, including secure, safe, and open information technology networks. Over the past year, DFC's financing supported the build-out of data centers and other digital infrastructure with trusted equipment in Kenya and South Africa, helping to make these markets more attractive destinations for global businesses.

With the growth of new industries, DFC recognizes that critical infrastructure also includes supply chains for the materials and sectors that are vital to economic competitiveness. Among several strategic transactions in this space, DFC is financing projects that will help diversify supply chains for graphite, helium, nickel, and rare earth minerals.

## TP Solar Ltd.

DFC is committed to financing more diverse supply chains that invest in local communities, create jobs, and ensure high standards. A $425 million DFC loan to TP Solar Limited, a wholly owned subsidiary of Tata Power Renewable Energy Limited, will finance the construction and operation of a greenfield 4-gigawatt (GW) solar cell and 4GW solar module manufacturing facility in India. This investment will support India's ambitious program to increase renewable energy generation while advancing the global energy transition and diversifying supply. The new facility is expected to support as many as 2,300 full-time, local jobs, with an emphasis on employing women—TP Solar is committing that women will make up over 60 percent of its workforce over time.

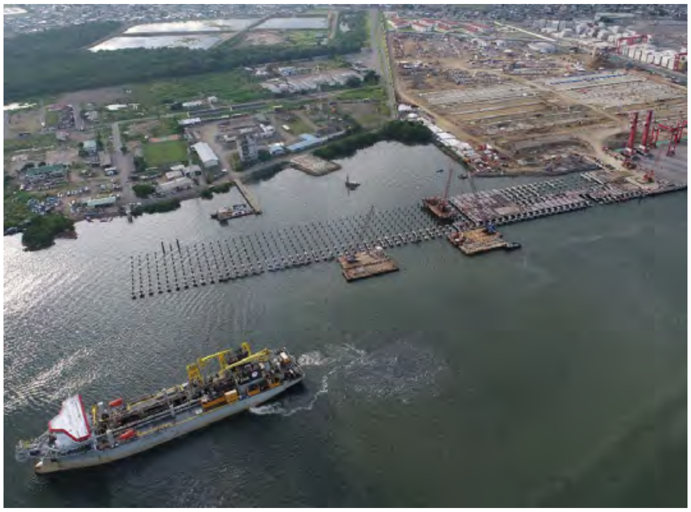


## Colombo West International Terminal Private Ltd.

DFC committed $553 million to support a deepwater shipping terminal in Sri Lanka that will provide critical infrastructure for the South Asian region, creating local jobs and fostering regional economic growth. The new terminal reflects DFC's commitment to financing high-quality infrastructure that supports its partner's development needs, invests in local communities, and is respectful of local financial conditions. The investment further demonstrates the United States' enduring commitment to Sri Lanka's economic growth and its regional economic integration, including with India.

## Yilport Terminal Operations S.A.

DFC committed a $150 million loan to finance the expansion and modernization of the Puerto Bolivar container port in Ecuador's El Oro province. The project is expected to provide long-term benefits to the people of Ecuador, as well as the country's economy. DFC financing is projected to expand the port's export volumes to more than 500,000 containers per year. Further addition of cold storage warehousing and expanded infrastructure for handling refrigerated shipping containers is expected to reduce costs and spoilage, thereby increasing revenues for banana exporters and supporting food security. The expansion of the port is projected to create more than 1,000 jobs, catalyze up to $750 million of foreign direct investment, generate more than $100 million in revenue transfer to the local municipality, and improve Ecuador's trade balance.



## ONEX Elefsis Shipyards and Industries

DFC committed a $125 million loan to ONEX Elefsis Shipyards and Industries to rehabilitate and modernize the Elefsina shipyard near Athens, Greece. DFC's support will create local jobs and promote increased access to reliable, secure energy in the Western Balkans and Eastern Europe by expanding high-quality maritime infrastructure that will support diversification of liquified natural gas supply for the region—a critical undertaking amid Russia's attempts to destabilize regional energy access.

## A Sustained Commitment to Ukraine

As the Ukrainian people have come together, standing strong against Russia's illegal and unjustifiable invasion, the United States and its allies have stood with them, providing billions of dollars in humanitarian aid and security assistance. Increasingly, another set of partnerships is becoming just as critical. Ukraine's enduring strength will depend, in part, on the ability to harness the power of private capital to drive the country's recovery.

Private capital is the lifeblood of growth. This is true in normal times and certainly, these are far from normal times for the people of Ukraine. In spite of deliberate attacks on Ukraine's infrastructure, Ukraine's people and its economy have remained resilient. In certain sectors like information and communications technology, businesses are growing.

DFC is using all of its tools, including loans, political risk insurance, equity investments, and technical assistance grants, to attract private investment to Ukraine. We are committed to working with all of our partners—within the U.S. Government and with other development banks and financial institutions—to de-risk and mobilize private investment in critical sectors like health, agriculture, and energy.

DFC CEO Scott Nathan traveled to Ukraine three times in the last year to deepen engagement with the local business community and meet with government ministers as a part of capitalizing on the $1.1 billion in total exposure that DFC and our predecessor agency, the Overseas Private Investment Corporation (OPIC), have invested.

DFC's work has promoted increased access to reliable, secure energy, particularly in the parts of the world affected by Russia's brutal and illegal war against Ukraine, which endangers global supply chains for food and energy well beyond the immediate region.

DFC is also supporting the owners of small and medium-sized businesses that are keeping Ukrainians employed and the economy going during this difficult time of war.

We have identified ways to leverage resources and assist Ukrainian banks with preparing compelling applications for DFC support in collaboration with the U.S. Agency for International Development (USAID) and the Ministry of Economy through the Advantage Ukraine program. DFC has also made plans to send investment officers on temporary tours to Ukraine to work with USAID and the Ministry on this critical program.

## Superhumans Center

The $25 million in political risk insurance (PRI) to Ukraine's Superhumans Center will help provide care to citizens injured in the war. DFC insurance will support the renovation and operation of a non-profit humanitarian medical center that will provide medical and social services to Ukrainians injured during the Russian invasion. Superhumans is DFC's first PRI deal in Ukraine since Russia's further invasion in 2022 and serves as an important example of how DFC can help build investor confidence and reduce investment risk in Ukraine while the conflict is ongoing.

## CEO Nathan on DFC's Ukraine Investments

*"The private sector has a crucial role to play in investing for Ukraine's future. That investment is needed today. DFC is committed to supporting high-standard, high-value projects in Ukraine in the months and years to come."*

— Kyiv, January 2023

## Bank Lviv

Working in collaboration with the USAID mission in Ukraine, DFC is providing a $20 million loan portfolio guaranty to Bank Lviv—a major commercial bank in Western Ukraine—to deliver immediate support to Ukrainian small businesses, including women-owned businesses and smallholder farmers. DFC-guaranteed loans will help small businesses remain open, providing employment, maintaining trade linkages, and supporting the economy.


## Global Trade Finance Program

A $50 million guaranty for the International Finance Corporation's Global Trade Finance Program will increase access to trade financing for Ukrainian banks and enhance the resilience of the local economy.

## Horizon Capital

A $25 million equity investment will provide growth capital to fast-growing, technology-enabled small and medium-sized businesses based in Ukraine. Several leading development finance institutions joined DFC, making their own investments in Horizon Capital Growth Fund IV, demonstrating a shared resolve in mobilizing capital for Ukraine's private sector and bolstering high-standard investment in the country's economic recovery.

## MHP

This important $250 million loan to enhance food security in Ukraine and the region is described in greater depth on page 18 of this report.

# Investing How and Where It Matters Most

**At DFC, our efforts are guided by the belief that unleashing the power of private capital in a community is critical to driving sustainable development.**

In FY2023, DFC used its full suite of tools—including loans and loan guaranties, political risk insurance (PRI), technical assistance, and equity investments—to mobilize private capital in countries across the world. DFC has worked with peer institutions in new ways and developed platforms that facilitate sharing information and due diligence, all in service of sourcing and investing in projects together to drive the greatest possible impact.

On the front lines of some of the world's toughest challenges, DFC is financing transactions that provide communities with access to high-quality infrastructure and reliable sources of power, promote food security and more robust health systems, and provide support for the small businesses that are the engines of every dynamic economy.

DFC is also investing in projects that help communities mitigate or adapt to climate impacts as well as encourage the economic empowerment of women and other underrepresented and unrecognized groups in the workforce and formal financial systems—understanding the vital role these cross-cutting efforts play in driving long-term prosperity.

## Infrastructure and Critical Minerals

DFC's investments in critical and digital infrastructure create jobs, foster economic growth, improve access to essential services, and facilitate trade and regional connectivity. Our investments modernize transportation hubs and networks, allow for safe and open access to information technology networks, and secure supply chains for minerals critical to U.S. national security, all of which connect communities to the opportunities of the global marketplace.

### I Squared Capital

DFC has approved $300 million in financing for sustainable infrastructure projects in emerging markets, which will include countries party to the Indo-Pacific Economic Framework for Prosperity, in cooperation with the U.S. Department of Commerce. I Squared Capital, an infrastructure investment manager focused on regions around the globe, will invest in climate change mitigation and adaptation—including impactful and sustainable investments across renewable energy, resource recovery, and digital infrastructure—to reduce the carbon footprint of existing infrastructure in emerging markets. For every dollar of DFC financing, I Squared will commit an additional $3 from the funds it manages, mobilizing up to $900 million of equity capital to support climate infrastructure projects.

### Twigg Exploration and Mining Limitada

A $150 million loan to Twigg Exploration and Mining Limitada will support the company's investments in graphite mining and processing operations in the Balama District of Cabo Delgado Province in northern Mozambique. The loan will expand operations and diversify the global supply chain for graphite, which is a critical mineral for transport electrification and the clean energy transition. DFC's support will also contribute to job creation and investment in local infrastructure.

## Energy

DFC financing helps provide people with reliable and secure sources of energy. We invest in projects that expand electricity access, diversify energy sources, strengthen energy markets, and support emerging energy technologies. DFC invests in clean energy manufacturing to support more diverse supply chains that reduce market risk and help our partners take advantage of investment opportunities in the clean energy transition.

### Solararomo S.A.

A $144 million DFC loan to Solararomo S.A. will help expand clean energy supply in Ecuador. The loan will finance the development, construction, operation, and maintenance of a 200-megawatt solar power plant, which will be Ecuador's first private-sector-owned, utility-scale solar plant. The plant is expected to generate 344GWh of energy annually, which will help address Ecuador's growing energy needs and support the diversification of Ecuador's electricity generation. DFC has also approved $50 million in PRI to support Solarpack's equity investment in Solararomo.

### Energo-Pro

An up to $545 million DFC guaranty to Energo-Pro will enable increased generation and improved reliability of renewable energy sources in Georgia and Bulgaria, offsetting reliance on energy imports from Russia. In Bulgaria, Energo-Pro will focus on grid expansion and upgrades to enable the connection of wind, solar, and biomass generators, increasing the capacity of renewable energy sources on the grid by an anticipated 471MW. In Georgia, Energo-Pro will rehabilitate and maintain existing hydropower resources as well as perform grid upgrades, which are expected to reduce technical losses and the frequency and duration of power outages.

### Greenlight Planet

DFC provided $50 million in PRI to Greenlight Planet, one of the largest off-grid solar suppliers in the world. DFC insurance will support the financing and distribution of high-quality, affordable, off-grid solar system solutions in Nigeria.

## Food Security and Agriculture

DFC investments in agriculture help protect the world's most vulnerable populations and mitigate the impacts of growing food insecurity and malnutrition, which have been needlessly worsened by Russia's unprovoked and unjustified war in Ukraine. DFC is mobilizing financing for smallholder farmers, rural communities, and the agricultural supply chain to reduce food insecurity and increase agricultural productivity, yield, and farmer income. With millions of people on the brink of famine, DFC remains committed to expanding access to food today and helping to protect against future food crises.

### CEO Nathan on DFC's Food Security Investments

*"In 2021, we pledged $1 billion in food security investments over five years. I am proud to report that not only did we meet our goal, but we did it years ahead of schedule. And as we face a continuing crisis in food security, we at DFC are ready and on track to do it again. Food security is critical to DFC's work. We're helping smallholder farmers in the world's most vulnerable communities access equipment, training, and inputs so they can produce more food, while also strengthening their ability to store and distribute it. Our goals must be ambitious as we work with the private sector to bring more produce to market and bolster food security."*

— UN General Assembly, New York City (September 2023)

### MHP

DFC is providing a $250 million loan, and with additional support from the International Finance Corporation, and the European Bank for Reconstruction and Development, is contributing to a $480 million financing package to leading Ukrainian agribusiness group MHP to strengthen food security amid Russia's invasion of Ukraine. The funding will help the company maintain its operations by allowing it to refinance maturing debt. This support will boost MHP's sustainable power generation capacity, reducing its carbon footprint.

### Ifria Cold Chain Development Co.

Two DFC loans totaling nearly $20 million will enable Ifria Cold Chain Development Co. to construct the first of a series of cold chain warehouse facilities across North and West Africa, starting in Agadir, Morocco, and Diamniadio, Senegal. The facilities will increase the local availability of temperature-controlled, large-scale cold chain storage for food and pharmaceutical products. These two facilities are expected to reduce food losses by 35,700 metric tons per year, reduce greenhouse gas emissions by 89,400 metric tons of carbon dioxide equivalent ($tCO_2e$) per year, and generate 1.44GWh of renewable energy per year. These projects also demonstrate how DFC is using its new tools to enable new developers to improve projects and help make projects viable for DFC financing. A DFC technical assistance grant of $343,000 helped fund Ifria's early-stage assessments of incorporating solar power and energy-efficiency measures into the facilities, along with an analysis of integrating storage of both agricultural and pharmaceutical products, and additional environmental and social impact assessments.

### Kentegra

A $10 million DFC loan is helping Kentegra—a Kenyan and U.S. biotechnology company—build a new pyrethrum processing facility in Nakuru County, Kenya, to meet growing demand. Growing pyrethrum provides farmers with a consistent income that is significantly higher than many other crops. Kentegra buys dried pyrethrum flowers from farmers on long-term contracts and provides them access to planting materials, equipment, and climate-resilience training to help them maximize yields. Kentegra also provides financial planning lessons and tools to empower farmers in managing and maximizing the benefits of their improved incomes.

## Health

DFC is committed to increasing access to affordable, high-quality healthcare by investing in projects that improve the health and well-being of people and communities, providing a necessary foundation for economic prosperity and national security. Our investments in healthcare services and infrastructure, manufacturing and supply chains, and digital health and technology strengthen pandemic preparedness and health system resilience.

### AfricInvest's Transform Health Fund

A DFC equity investment of up to $10 million in AfricInvest's Transform Health Fund will support investments in healthcare services and health supply chain sectors, increasing access for some of Africa's most vulnerable communities. The Transform Health Fund is a majority women-led, blended-finance fund that invests in innovators working in the medical device manufacturing, pharmaceutical supply chain, primary care, and digital health sectors.

### Hewa Tele Limited

A $10 million loan to Hewa Tele Limited will help expand production and distribution of affordable liquid medical oxygen for hospitals and clinics across Kenya, lowering costs for healthcare providers in rural and urban areas.


## Small Business and Financial Services

Small businesses are the engines of every free and dynamic marketplace. They are at the center of DFC's efforts to support entrepreneurship and more open economies wherever we work. Our investments allow us to bolster the ability of banks and other financial institutions to lend to small businesses that are, in turn, generating jobs and opportunities for their communities.

### Tien Phong Commercial Joint Stock Bank

A $100 million DFC loan to Tien Phong Commercial Joint Stock Bank will expand the bank's digital financing to underserved micro, small, and medium-sized enterprises (MSMEs) in Vietnam. One-third of proceeds will fund women-owned businesses or female low-income customers in Vietnam.

### Vietnam Prosperity Joint Stock Commercial Bank

A $300 million loan to Vietnam Prosperity Joint Stock Commercial Bank will increase lending to small and medium-sized enterprises (SMEs) and include a focus on women's economic empowerment and climate solutions in Vietnam.

### National Bank of Iraq

DFC collaborated with USAID for a $50 million loan to the National Bank of Iraq to promote lending to small businesses there. The initiative is designed to benefit first-time borrowers particularly, as well as businesses that are led and owned by women.

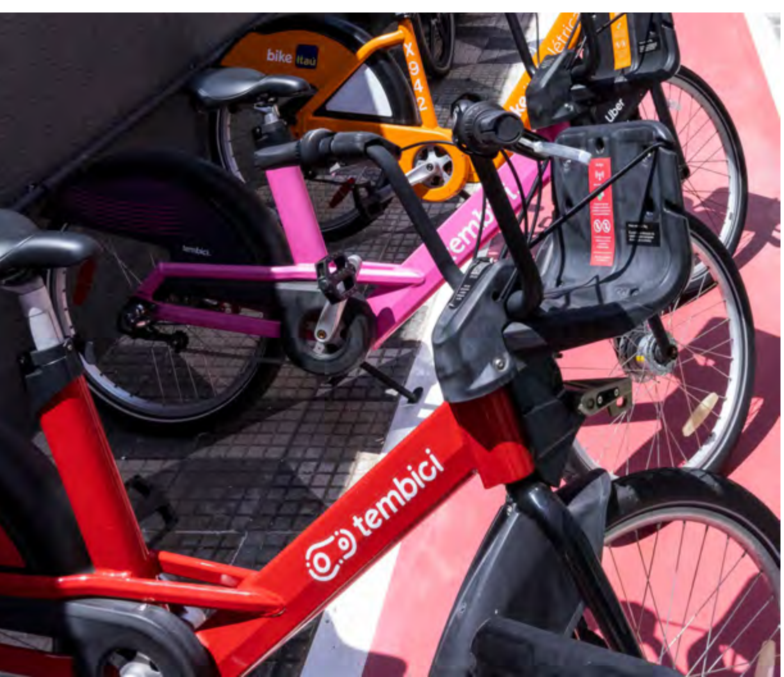
## Strengthening U.S. Climate Finance and Energy Security

DFC has emerged as a distinct leader in strengthening U.S. climate finance and energy security. We recognize the grave challenges ahead but also the vast opportunities that ultimately will attract tens of trillions of dollars in investments across nearly every sector of the economy.

DFC's climate investments span a diversity of transactions big and small in industries including clean energy manufacturing, nature-based solutions, and food security and resilience. Addressing challenges of this scale requires new and enduring sources of collaboration among the private sector, governments, and international organizations. This approach is integral to DFC's core mission and remains one that, since our founding in 2019, we have been uniquely positioned to address.

### Tembici

DFC invested $15 million in equity in micro-mobility platform Tembici to support the expansion of bicycle-sharing services in Latin America. The project is expected to grow Tembici's active users in Brazil, Colombia, Chile, and Argentina from 300,000 in 2023 to more than 1 million by 2029. This will significantly reduce annual CO2 emissions, equivalent to removing 15,000 passenger cars off the road, by increasing the number of bike trips in cities as an alternative. The assembly plant, located in the Amazonian state of Manaus, is expected to produce more than 50,000 new bicycles from 2023 to 2029, supporting local employment and driving sustainable economic development of the Amazon region.




### Miro Forestry Developments Limited

A $24 million equity investment in Miro Forestry Developments Limited will expand the company's sustainable forestry and timber processing on degraded land in West Africa. The investment for Ghana and Sierra Leone will create jobs, increase atmospheric carbon sequestration, and contribute to economic growth in both countries. Miro employs more than 2,500 people which, with DFC's support, will grow to more than 3,000. Miro has rehabilitated more degraded land to forest than any other group on the African continent over the past few years, having planted more than 20 million trees that have sequestered millions of tons of atmospheric carbon—tackling climate change efforts on a global scale.

### Ignitia AB

Ignitia AB's tropical weather forecasting technology is helping tackle weather-related yield losses for smallholder farmers, who are among the groups most vulnerable to climate change due to high dependency on rain-fed agriculture. A $1 million DFC loan will support Ignitia's ability to scale operations in Africa, helping smallholder farmers better adapt to climate change and maximize the use of their land and agricultural inputs.

## Advancing Women's Economic Empowerment

DFC prioritizes supporting women and other underrepresented and unrecognized groups by creating job opportunities, enhancing access to capital, and fostering economic resilience. This work is critical to advancing economic security and the well-being of all people and nations. Since 2018, DFC has invested nearly $10 billion through our flagship 2X Women's Initiative, supporting women as entrepreneurs, leaders, and vital members of the workforce and society to unlock the multitrillion-dollar opportunity they represent. We make these investments because it's good business, and to ensure all people can realize their full potential in the world.

### Home First Finance Company

A $75 million loan to India-based Home First Finance Company will support affordable housing mortgage loans to low-income borrowers, with 100 percent of the loan proceeds financing housing for women. A requirement that women be included on all titles as primary or co-borrowers promotes their rights in a context where legal ownership is not necessarily assumed or safeguarded.

### Science for Society Techno Services

An $8.9 million loan to Science for Society Techno Services (S4S) will support the expansion of its food processing operations in India. The company emphasizes a women-inclusive supply chain and upskilling and empowering women farmers as crop purchasing agents, a traditionally male role. It also supports women as entrepreneurs in dehydration food processing with market linkages, thereby reducing waste and improving food security, income, and climate resilience.

## Microempresas de Colombia Cooperativa de Ahorro y Crédito

In collaboration with USAID/Colombia, a $5.6 million loan portfolio guaranty to Microempresas de Colombia Cooperativa de Ahorro y Crédito will expand lending to women borrowers and Venezuelan migrants and Colombians in host communities. The MSME financing gap for women-owned and women-led businesses in Colombia is estimated at $5.4 billion, and only 4 percent of the migrant population have access to financial services.

## Akbank

A $150 million purchase of bonds issued by Akbank will enable the bank to support on-lending to women-owned and women-led businesses in Türkiye, a country with one of the most significant regional and global gender disparities in access to credit, financial inclusion, and labor force participation. Akbank will prioritize investing in provinces impacted by the 2023 earthquakes that further exacerbated existing gaps.

## UsPlus

An $8 million DFC loan commitment to UsPlus will expand flexible and alternative working capital lending to SMEs throughout South Africa with an emphasis on women- and Black-owned/led SMEs. Women entrepreneurs face a significant financing gap in the market, receiving only about 10 percent of the funding available to businesses.

# POLITICAL RISK INSURANCE: BUILDING INVESTOR CONFIDENCE WHERE IT'S MOST NEEDED

Political risk insurance (PRI) is one of DFC's most important tools for mobilizing capital into challenging markets. DFC provides coverage of up to $1 billion against losses resulting from currency inconvertibility, government interference, and political violence including terrorism. DFC also offers reinsurance to increase underwriting capacity.

The majority of foreign direct investment (FDI), roughly 65 percent, continues to flow to high-income, politically stable countries, as investments in many low-income countries are subject to a variety of additional project risks, including significant vulnerability to political risk. Political risk—which includes expropriation, corruption, and government ineffectiveness, among other areas—significantly inhibits FDI's potential impact.

PRI can serve as a catalyst for private capital mobilization, effectively engaging countries with perceptions of higher political instabilities. This is seen in fragile and conflict-affected states where an average of 6.2 percent of FDI is covered by PRI, compared with 3.8 percent among other lower-income countries. By assuming critical non-commercial project risk, PRI improves investor confidence and enhances credit of emerging market debt securities. In addition, and specifically in the case of public insurers, PRI can help prevent adverse political events (e.g., expropriation).

DFC now has over $7 billion actively invested in PRI, including in Ukraine.


In FY2023, McKinsey & Company conducted an evaluation of the effectiveness of DFC's PRI product in mobilizing private capital. Across the 14 cases analyzed (representing approximately 20 percent of the portfolio), DFC's total exposure of about $1.2 billion directly mobilized nearly $2 billion in private sector capital. That is $1.60 in private capital mobilized for every $1 of insurance exposure. Perhaps more impactful than the direct capital that was mobilized, the study found that many of DFC's PRI projects have significant potential for "second order capital mobilization effects" by catalyzing additional investment in nascent industries in high-risk countries through demonstration effects, infrastructure improvements, and regulatory and institutional improvements.

## A Galápagos marine conservation-linked bond

In May, DFC executed $656 million in PRI to support a Galápagos marine conservation-linked bond, its largest debt-for-nature conversion to date, in partnership with the Government of Ecuador, Inter-American Development Bank, Oceans Finance Company, the Pew Bertarelli Ocean Legacy, and Credit Suisse. DFC's PRI enabled a debt conversion that exchanged $1.6 billion of Ecuador's international bonds for a $656 million loan that will generate an estimated $323 million for marine conservation in the Galápagos Islands over the next 18.5 years. Ecuador is expected to realize more than $1.1 billion in lifetime savings through reduced debt service costs. A group of 11 private insurers provided 50 percent reinsurance to DFC.

## Marine conservation in Gabon

DFC closed $500 million in PRI supporting a bond for marine conservation in Gabon. Working with The Nature Conservancy and Bank of America, DFC provided PRI that enabled a $500 million debt conversion for Gabon that is expected to generate $163 million in dedicated marine conservation funding over the next 15 years. The refinancing will unlock $5 million each year over the next 15 years for conservation action and create an endowment expected to grow to approximately $88 million by 2038 to fund conservation in Gabon. It will improve Gabon's debt profile, while simultaneously creating a dedicated funding stream in support of the country's commitment to biodiversity protection and nature-based resilience through management of marine-protected areas. Projects funded by the Gabon Blue Bond will support marine protection and management, advance sustainable fisheries, strengthen climate resilience, and develop a sustainable blue economy for the local community.

# SHOWING UP FOR KEY PARTNERS

DFC places premium value on showing up—to strengthen our partnership with government leaders, invite the private sector to work with us, and demonstrate emerging market opportunities in critical sectors around the world. In 2023, we sourced deals, strengthened government-to-government relations, and showcased investment opportunities in countries ranging from the Indo-Pacific to Africa, Europe, and the Western Hemisphere.

## India

At the beginning of the fiscal year, a DFC delegation traveled to Mumbai and New Delhi to highlight private-sector-led development projects and discuss opportunities to accelerate economic growth and development in the country, and the greater Indo-Pacific region. DFC CEO Scott Nathan met with private sector leaders and stakeholders across the banking, microfinance, logistics, and energy sectors, and visited DFC health investment project sites.

CEO Nathan highlighted DFC's role advancing the Partnership for Global Infrastructure and Investment, mobilizing private capital to drive values-based, inclusive infrastructure development around the world.

## Indonesia

CEO Nathan traveled to Jakarta in March to meet with government officials, current and prospective private sector clients, and financing partners, including the CEO of the Indonesia Investment Authority, to discuss tangible opportunities to collaborate in the near term.

CEO Nathan's meetings centered on finding ways to strengthen relationships and invest in Indonesia's economy and human capital. He met with prospective clients interested in advancing highly developmental projects in Indonesia and throughout Southeast Asia, including in the infrastructure, energy security, health, affordable housing, education, and food security and agriculture sectors.

DFC's investments in the Indonesian private sector support the Indo-Pacific Economic Framework for Prosperity and the Biden-Harris administration's Indo-Pacific Strategy.


## U.S.-Africa Business Summit

In July, CEO Nathan led the United States delegation to the U.S.-Africa Business Summit in Gaborone, Botswana, co-hosted by the Corporate Council on Africa and the Government of Botswana. To mark the six-month milestone after the U.S.-Africa Leaders Summit, the delegation drew attention to how the United States is delivering on commitments to invest in Africa's future. In 2023, DFC committed over $2 billion across 46 transactions in Africa. These projects are leading to significant development impacts across the continent, including supporting strategic infrastructure, job creation, small business growth, agricultural productivity, improved health outcomes, and open access to critical minerals.

## Ecuador

In July and August, a high-level delegation of DFC officials traveled to Quito for meetings with a broad range of current and potential private sector partners, as well as government officials, to discuss how DFC financing can help advance the development of Ecuador and prosperity of the Ecuadorian people.

Ecuador represents DFC's largest market in the Western Hemisphere and fourth largest globally with $1.8 billion in exposure. It provides a representative lens of DFC's tools at work, ranging from financing large infrastructure and renewable energy projects, to supporting small business through on-lending, to pioneering conservation efforts and bolstering health systems.

## Vietnam

In September, CEO Nathan traveled to Vietnam with President Biden to advance the new strategic partnership and announced $400 million in loans to two private banks—**Vietnam Prosperity Joint Stock Commercial Bank** and **Tien Phong Commercial Joint Stock Bank**—to support lending to small and medium-sized businesses. CEO Nathan returned later in the fall to elevate the U.S.-Vietnam relationship.

The trips served as firm demonstrations of the importance of the country to DFC and to the United States. With over $700 million in exposure, Vietnam is DFC's largest market in Southeast Asia.

CEO Nathan met with current and prospective clients, public and private sector leaders, and beneficiaries of DFC's work. In particular, he met with a delegation of visiting companies looking to further invest in the country; met with stakeholders investing in renewable energy and advancing the Just Energy Transition Partnership; and visited Fulbright University Vietnam, which is using its $37 million loan from DFC to construct its new campus in Ho Chi Minh City that will expand access to higher education in Vietnam.

## Colombia

DFC Deputy CEO (DCEO) Nisha Biswal traveled to Bogotá and Medellín in her first official international travel as DCEO. She met with prospective and current DFC clients, representatives for the private sector, as well as government officials to discuss how DFC's tools can bolster economic opportunities in rural areas affected by conflict, support private-sector-led climate solutions and high-quality infrastructure projects, and expand economic inclusion for women entrepreneurs, migrants, and other underserved populations.

In Medellín, DCEO Biswal joined Pro Mujer CEO Carmen Correa at the Gender Lens Investing Latam Forum to discuss mainstreaming gender lens investing and to highlight DFC's efforts to advance gender inclusion with a focus on women's economic empowerment.

## Dominican Republic

DFC Chief Operating Officer (COO) Agnes Dasewicz traveled to the Dominican Republic early in the year to deliver keynote remarks at the Caribbean Energy Conference and engage local business leaders to discuss how DFC's toolset could help spur private-sector-led development in the country. The high-level visit and continued collaboration led to an acceleration of DFC's engagement in the Caribbean, which now includes significant support for small business lending in the Dominican Republic, as well as the planned opening of a new office in Santo Domingo focused on bolstering regional investment.

## Angola and Democratic Republic of the Congo (DRC)

DFC Chief Climate Officer (CCO) Jake Levine traveled to Luanda, Kinshasa, and Lubumbashi to meet with current and prospective DFC clients working to increase energy access and secure supply chains for critical minerals and carbon sequestration.

The delegation met with senior executives across several major companies working to implement the U.S.-DRC-Zambia memorandum of understanding to strengthen the electric vehicle battery value chain. Their meetings focused on building capacity not only in upstream metals mining, but for midstream and downstream value-added industrial applications, such as processing, assembly, and distribution.


# Our Impact Results

**DFC drives positive development impact through investment in companies and funds that provide critical products and services to developing economies and promote environmental sustainability around the world. This is why DFC embeds impact management into each phase of our investment process to ensure that impact informs decision-making at every level of the organization.**

## Our Approach to Impact

### IMPACT STRATEGY

With several years of DFC impact data and experience in hand, DFC is setting development impact targets in parallel with the U.N. Sustainable Development Goals (SDGs). DFC has defined impact theses, with corresponding SDG targets, in each of our sector and cross-cutting priority areas. These impact theses describe the global challenges DFC aims to address, articulate DFC's specific goals in each area, detail how DFC is addressing these challenges through our investment activities, and define the specific impact metrics used to track progress in line with industry standards.*

* All impact metrics align with IRIS+, a system for measuring, managing, and optimizing impact hosted by the Global Impact Investing Network, or the Harmonized Indicators for Private Sector Operations, a partnership effort across development finance institutions.

## IMPACT DUE DILIGENCE

DFC reviews each project for its development impact potential as part of the due diligence process. During this stage, DFC applies our impact management framework, the Impact Quotient (IQ), to estimate the anticipated development impact of each project across three overarching pillars: economic growth, inclusion, and innovation. IQ applies a standardized yet flexible methodology to enable comparability among a diverse set of projects. Through this process, DFC's impact officers define the core metrics for each project, establish their baseline performance, and determine the level of impact expected at the point of maturity, thus enabling DFC to track and assess projects' performance over time. Officers also identify the SDGs most aligned to each project to track anticipated contributions toward the global goals.

## IMPACT MONITORING

DFC monitors both project-level and portfolio-level performance using a variety of tools.

- We conduct an annual survey of development outcomes beginning one year after projects' disbursement or contract execution. This survey offers ongoing visibility into projects' progress during the previous reporting period on a variety of impact metrics, including the core metrics defined during the due diligence process. This survey is the principal source of data provided on the following pages.
- DFC conducts site monitoring, visiting select projects to further understand and contextualize development impacts. During FY2023, 23 DFC projects in seven different countries were site-monitored for development impact—and additional projects were monitored for environmental and social risk compliance.
- DFC's Customer Voice Technical Assistance Facility surveys end-customers of qualifying DFC clients to understand how their quality of life has been affected by DFC clients' products and services.

Collectively, these various sources of data and information enable DFC to assess impact performance.

## Sustainable Development Goals (SDGs)

**DFC has demonstrated a strong commitment to the SDGs through our FY2023 investments:**

13 CLIMATE ACTION
**SDG 13, climate action**
(40% of transactions)

10 REDUCED INEQUALITIES
**SDG 10, reduced inequality**
(87% of transactions)

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
**SDG 9, industry, innovation, and infrastructure**
(77% of transactions)

8 DECENT WORK AND ECONOMIC GROWTH
**SDG 8, decent jobs and economic growth**
(74% of transactions)

7 AFFORDABLE AND CLEAN ENERGY
**SDG 7, affordable and clean energy**
(19% of transactions)

5 GENDER EQUALITY
**SDG 5, gender equality**
(44% of transactions)

1 NO POVERTY
**SDG 1, no poverty**
(61% of transactions)

## Customer Voice Technical Assistance Facility

DFC has committed $1 million to a technical assistance facility designed to help DFC clients obtain insights from their customers through mobile-phone-enabled, local language surveys administered by 60 Decibels. These surveys are designed to provide critical insights that strengthen clients' business and impact performance by:

- Understanding end-customers' experiences.
- Understanding how products and services affect end-customers' lives.
- Identifying potential improvements to products and services or companies' operating models.

## LEARNING

To ensure continual learning and improvement, DFC analyzes incoming data to assess projects' performance and identify trends by sector and cross-cutting priority. Additionally, DFC conducts portfolio assessments that explore the impacts of specific instruments such as political risk insurance, or sub-sectors such as financial intermediaries in Latin America. The results of these evaluative efforts are posted online. Insights from both routine monitoring and portfolio assessments are then disseminated across the agency to key stakeholders as part of ongoing learning and strategy refinement.

The following pages reflect DFC clients' impact performance achievements, as reported to DFC during the FY2023 data collection cycle. All results pertain to projects that report the Development Outcomes Survey, which begins one-year post disbursement.*

Clients self-report development impact achievements through DFC's Development Outcomes Survey. Not all clients report all metrics, as certain metrics may not be relevant to a particular client's sector, impact proposition, or business model. As part of DFC's data collection process, each response is reviewed by DFC's impact monitoring team for clarity, completeness, and consistency. In rare instances, a large outlier response may be removed if it cannot be validated and/or is not reflective of the use of DFC proceeds. Impact results are disaggregated by country wherever feasible. In instances where fewer than three projects report a given metric in a given country, results are then aggregated at the regional level.

## Portfolio for Impact and Innovation

DFC's Portfolio for Impact and Innovation (PI$^2$) initiative, which supports promising early-stage businesses, reached half a billion dollars invested since its inception in 2014.

- DFC's PI$^2$ initiative aims to bridge the financing gap for early-stage social enterprises with innovative solutions to challenges facing the developing world.
- In FY23, DFC commissioned DalbergAdvisors to conduct an independent assessment of23 mature projects in the PI$^2$ portfolio across the dimensions of development impact, financial risk, and financial returns. The evaluation showed that this sampleof PI$^2$ projects delivered significant developmental impact alongside small, but positive, financial returns while managing elevated financial risk.

* **Notes on Methodology:** Clients become eligible to submit the annual Development Outcomes Survey beginning one-year post disbursement or contract execution. In FY23, 122 DFC clients—more than double the number in the previous year—have become eligible to submit this survey, reflecting a significant increase in capital disbursements. Among those eligible, 98 percent reported the impact achievements associated with DFC financing from the prior year.

## Infrastructure and Critical Minerals

Insufficient and inadequate transportation, communication, and water and sanitation infrastructure stifles productivity, reinforces poverty, and limits private sector engagement across low- and lower-middle-income economies.[1] Infrastructure gaps are pervasive: Globally, over 3.7 billion people lack internet access, over 2 billion lack access to safe drinking water, and 1 billion live more than a mile from an all-weather road.[2,3] The lack of suitable physical infrastructure is particularly acute within low-income and rural communities, thus limiting economic opportunity and exacerbating inequality.

To address these challenges, DFC invests directly and through financial intermediaries to:

- Improve access to critical transportation infrastructure.
- Improve information and communication technology (ICT) connectivity.
- Improve access to water, sanitation, and hygiene (WASH) infrastructure.
- Spur trade and economic growth.
- Increase the sustainable sourcing and production of critical minerals.

## Franchise Impact Solutions Facility and Jibu


### Improving water access in central Africa through local entrepreneurship

According to the World Bank, more than 69 million people in Sub-Saharan Africa still lack access to clean drinking water. Jibu seeks to close this gap by supporting aspiring entrepreneurs in opening clean water access points as franchises—spurring economic growth and financial independence. Through a nearly $1.4 million loan via the Franchise Impact Solutions Facility, DFC supports the leasing of products and equipment to microentrepreneurs for opening shops that provide affordable and renewable water to communities across Rwanda and Uganda. As a result of Jibu's efforts, an estimated 4.9 million people have greater access to clean water.

In FY2023, **58 clients** reported their 2022 infrastructure sector results. Collectively, they:

Enabled transportation of **42 million** passengers and over **29,000** metric tons of bulk cargo via improved roadways and infrastructure.

Provided **1.8 million** households access to new or improved water and sanitation systems, **53%** of which are in Sub-Saharan Africa.

Procured nearly **$23 million** in goods and services from local suppliers, fostering local economic development.

## Energy

Reliable energy access is a critical driver of economic growth and poverty alleviation, yet 770 million people worldwide lack access to electricity and millions more face frequent blackouts and brownouts.[4] Meanwhile, energy production remains heavily reliant on fossil fuels, with only 29 percent of global electricity generated from renewable sources such as wind, solar, and hydropower.[5]

To address these challenges, DFC invests directly and through financial intermediaries to:

- Increase electricity access and end energy poverty.
- Catalyze investment in infrastructure to support new and renewable sources of energy.
- Promote energy security.

## IEnova Solar

### Seizing the opportunity to meet Mexico's energy demand using renewables

Mexico's shortage of electricity capacity relative to projected demand results in residents paying relatively high energy costs. To close this gap, DFC provided $241 million, alongside development finance institution partners, to Infraestructura Energetica Nova S.A.B. de C.V. (IEnova) to increase Mexico's energy capacity by 429 megawatts solely through solar power, nearly doubling Mexico's solar capacity from when the project was originated in 2020. By 2022, IEnova's solar plants produced 1,185GWh of renewable electricity, bringing much-needed electricity and quality employment to Mexico's northwest.

In FY2023, **40 clients** reported their 2022 energy sector results. Collectively, they:

Produced **5,419GWh** of renewable energy, enough to meet the electricity needs of 5.9 million people.

Established over **112,000** connections to off-grid power systems for households and businesses, increasing access for an estimated half-million people.

Sold over **1.2 million** devices for energy-efficient lighting, 95% of which were sold in low- and lower-middle-income countries.

## Food Security and Agriculture

Globally, millions of people face food insecurity. To meet growing food demand, food production must increase by as much as 110 percent.[6] Core to addressing this productivity gap are smallholder farmers, who produce about 35 percent of the global food supply—and up to 80 percent of food in developing economies.[7] Yet smallholder farmers, as well as low-income and rural communities more generally, chronically lack access to credit and other financial tools that enhance access to critical agricultural inputs.

To address this problem, DFC invests both directly and through financial intermediaries to:

- Increase food production, primarily through inclusive agribusinesses that link smallholder farms to global supply chains and markets.
- Increase agriculture infrastructure, including storage, processing, and irrigation.
- Increase access to quality, locally appropriate, and/or locally adapted agricultural inputs.

## Australis Aquaculture

### Bringing sustainable aquaculture and community-driven economic development to Vietnam's coastline

Economic growth often leaves rural communities behind. However, Australis Aquaculture, which uses innovative on- and offshore ocean facilities for growing and harvesting fish, has expanded quality employment in Khánh Hòa Province in southern Vietnam while leveraging local fisheries to expand use and awareness of sustainable practices. As the Indo-Pacific's first Fair Trade Certified finfish producer, Australis is on track to produce more than 10,000 tons of quality seafood annually while also convening regularly with local communities to scale appropriately. DFC's $11 million loan will continue to support Australis as it hires new employees, increases operational capacity, and expands production in regular consultation with the local community.

In FY2023, **49 clients** reported their 2022 agriculture sector results. Collectively, they:

Supported more than **3.9 million** smallholder farmers, 98% of whom are in Sub-Saharan Africa.

Provided over **$713 million** in on-lending and investment into the agriculture sector.

Generated nearly **$57 million** in export sales, in addition to $195 million in local sales.

## Health

About 2 billion people around the world lack access to essential healthcare services and products—a gap in healthcare exacerbated by COVID-19 and supply chain failures that impede the timely delivery of critical diagnostics, medicines, and vaccines.[8] These gaps are particularly acute in low- and lower-middle-income countries that have limited funding for research and development, production, and supply.

To address these challenges, DFC invests directly and through financial intermediaries to:

- Improve access to high-quality, affordable healthcare services, especially for vulnerable populations.
- Expand capacity for regional manufacturers to produce vaccines, tests, treatments, and other essential medical products and strengthen the supply chain for distribution.
- Increase access to healthcare innovation and technology, including digital health.

## Chiratae Ventures

### Galvanizing innovative solutions to India's health challenges

While ample capital is available for larger businesses in India, 165 million SMEs remain financially constrained. DFC's $20 million equity investment into the Chiratae Ventures International Fund IV addresses this challenge by investing in rapidly growing technology companies across India. Using an impact framework composed of six thematic priorities, Chiratae's health sector investments support innovative health solutions where they're needed most. From optometry services to virtual consultations, Chiratae's 20 health-sector portfolio companies have increased access and lowered the cost of quality medical services for the 22 million people reached in Tier II cities and smaller towns across India.

In FY2023, **39 clients** reported their 2022 health sector results. Collectively, they:

Provided **52 million** patients access to healthcare products and services.

Procured **790 million** vaccines and booster doses to address COVID-19 in 15 countries.

Extended **$429 million** in on-lending and equity for healthcare infrastructure, manufacturing, and other activities.

# Small Business and Financial Services

Access to financial services, including credit, is a key driver of economic growth and resilience in the face of financial shocks. Yet access to suitable financing products remains constrained for individuals, households, and businesses. Globally, 1.7 billion individuals lack access to formal financial services, leaving them vulnerable to financial instability and reliant on predatory services. At the same time, over 40 percent of MSMEs are credit-constrained, which limits their economic productivity, hinders job creation, and reduces the capacity for innovation and creativity.

To address these challenges, DFC invests in banks and other financial intermediaries to:

- Improve access to financial services for underserved populations.
- Provide decent jobs and foster economic development by supporting MSMEs.
- Mobilize sustainable sources of capital to underserved markets.

## Banco Pichincha

### Expanding access to finance for women entrepreneurs

In Ecuador, women have lower relative access to formal bank accounts than men, which makes starting a business even more challenging. In response, DFC provided financing to Banco Pichincha, Ecuador's largest financial institution, to expand the number of women entrepreneurs in its portfolio through new products and services customized to women's specific financing needs. DFC monitoring confirmed that 100 percent of DFC's funding in Ecuador has supported women-owned MSMEs. As a result, the share of women borrowers in Banco Pichincha's portfolio has increased from 49 percent in 2020 to 57 percent in 2022.

In FY2023, **80 clients** reported their 2022 financial service sector results. Collectively:

They provided financial services to **1.4 million** MSMEs and individuals directly, including credit, equity, leasing, and insurance.

They provided financial services to **198 million** additional individuals or enterprises indirectly through financial intermediaries or funds.

Nearly **75%** of DFC clients embed impact in their portfolio structure—including 63% through loan terms and 47% by targeting underserved populations.

## Adaptation and Resilience

Climate change is affecting communities and ecosystems around the world—but low-income countries experience the most devastating effects. Due to low-grade infrastructure and constrained agricultural resources, these countries face the greatest challenges around both adaptation and resilience. Further, climate change is expected to contribute to an estimated 250,000 additional deaths per year from health-related causes.[9] At the same time, the current climate change trajectory is expected to force 100 million people into extreme poverty by 2030 and generate nearly 150 million climate migrants by 2050.[10,11]

To address these challenges, DFC invests directly and through financial intermediaries to:

- Mitigate emissions of greenhouse gases (GHGs) contributing to climate change.
- Support adaptation and build resilience in climate-vulnerable communities.

## InsuResilience Investment Fund

### Expanding climate adaptation efforts through financing

Each year, natural disasters push an estimated 26 million people into poverty, causing an average of $300 billion in economic losses. The InsuResilience Investment Fund, managed by BlueOrchard, seeks to reduce climate vulnerability among low-income populations by supporting insurers, reinsurers, and companies in the insurance value-chain. With DFC support, InsuResilience has financed 24 microfinance institutions providing end-customers with insurance products with climate-risk-related protections and other financial products.

In FY2023, DFC indicated our ongoing commitment to climate action:

Among new commitments, **40%** is climate finance—or directly furthering climate mitigation, adaptation, or sustainable landscapes—exceeding our target of 33%.[12]

DFC developed our **first comprehensive GHG inventory** using a carbon accounting methodology tailored for financial institutions to establish a baseline against which DFC will measure progress toward our 2040 net zero goal and inform the agency's approach to continued decarbonization.

DFC deployed a state-of-the-art physical **climate risk assessment tool** to analyze the impact of potential climate shocks, supplement environmental due diligence processes, and identify transactions that require increased adaptative measures while boosting the resilience of the entire portfolio.

## Access to Capital for Underrecognized Communities

Underrecognized or underrepresented groups—such as women, low-income individuals, people living in rural areas, refugees, and indigenous peoples—are less likely to have access to high-quality employment opportunities, credit, affordable housing, and other essential services. For example, only half of women participate in the global labor force compared with 75 percent of men.[13] Smallholder farmers face a $170 billion credit gap, about 70 percent of total demand.[14] And inequality, as measured by the Gini coefficient, is particularly pronounced in certain developing economies, such as South Africa, Mexico, Namibia, and Mozambique.[15]

To address these challenges, DFC invests directly and through financial intermediaries to:

- Prioritize gender lens investing through DFC's 2X Women's Initiative.
- Promote economic empowerment and financial resilience for underrepresented groups.
- Mobilize investment in projects that are owned or led by women or that provide a product or service that delivers a strong benefit to women or other underrepresented groups.

## Kiva Refugee Investment Fund

### Increasing access to finance for refugees globally

The more than 100 million people displaced by human and natural disasters are often seen by financial institutions as too risky to receive services. The Kiva Refugee Investment Fund aims to unlock refugees' economic potential by expanding the availability of microloans for refugee communities. DFC's $20 million loan to Kiva facilitated 14 transactions with microfinance institutions across 10 countries to reach over 22,000 end-borrowers in 2022. With a 96.9 percent repayment rate, Kiva also demonstrates the viability of inclusive financing.

In FY2023, DFC clients across sectors reported on their contributions to advancing inclusion in 2022. Collectively:

Among DFC clients, **88%** incorporated their target populations' inputs into the design and delivery of their products and services.

Among end-borrowers, **42% were women** individuals or women-led enterprises—exceeding the 30% threshold established by 2X Global.

Among customers, **45% were low-income** individuals, improving the accessibility of affordable, high-quality, essential products and services.

# Looking Ahead

As DFC moves into its fifth year, we look forward to working with our stakeholders to assess the breadth and depth of our impact, and to set the organization up for even greater success over the next five years, and beyond.

Through 2024, DFC will work with Congress to chart a path forward that delivers on the promise of the BUILD Act and DFC's mandate to drive development impact, advance foreign policy priorities, and strengthen national security through the mobilization of capital. The reauthorization process presents an opportunity to fine-tune our strategy and our tools, to engage with our diverse partners, and to retain and attract the talent required to further drive private sector solutions to the world's most critical challenges.

In FY2023, DFC took important steps to refine our strategic approach and identify how our experts can best do business, and where. As a result of these efforts, DFC has realigned our transaction teams around a set of enduring priority sectors—infrastructure and critical minerals, energy, food security and agriculture, health, and small business and financial services. Organizing around sectors allows DFC to enable better outcomes for our clients, work more effectively with our partner development finance institutions, and promote greater accountability by optimizing investment planning and resource allocation across our priorities. This strategic planning process has benefited from extensive input from all parts of the organization, and DFC leaders have engaged staff through workshops, interviews, town halls, and more than 100 consultations and meetings.

We have established a comprehensive monitoring and evaluation portfolio to ensure that we are maximizing impact by adapting and learning along the way. In FY2023, more than twice as many clients became eligible to complete our Development Outcomes Survey, marking a veritable sea change in the quantity of data that can more richly and completely inform our future work.

Moving forward, DFC remains committed to working where U.S. values and interests intersect, ensuring that the fruits of our work remain values-driven, sustainable, transparent, top-quality, and built to endure.

# Appendices

# 2023 Investment Activities

| PROJECT NAME | REGION | COUNTRY | PROJECT TYPE | PROJECT DESCRIPTION | AMOUNT ($) |
|---|---|---|---|---|---|
| 3 Bank JSC Novi Sad | Europe | Serbia | Third-Party Lender Investment Guaranty | DFC exposure/LPG to support Serbian SMEs, with a focus on agriculture and women. | 39,000,000 |
| Absa Bank Ghana Ltd. | Africa | Ghana | Third-Party Lender Investment Guaranty | LPG with higher coverage for agriculture SMEs in northern Ghana. | 10,000,000 |
| African Fertilizer and Agribusiness Partnership, Inc. | Africa | Africa Regional | Third-Party Lender Investment Guaranty | 2nd loss guaranty to expand sale of fertilizer on credit to SME agri-input suppliers in Africa. | 10,000,000 |
| African Hotel Infrastructure Fund Maseru (Pty) Ltd. | Africa | Lesotho | Direct Investment | Construction and operation of 110-room business hotel in Maseru, Lesotho. | 7,300,000 |
| African Infrastructure Investment Fund 4 | Africa | Africa Regional | Equity | Pan-African infrastructure fund investing in digital infrastructure, energy transition, and mobility sectors. | 50,000,000 |
| Akbank T.A.S. | Europe | Türkiye | Direct Investment | Bond focused on women-led SMEs, including in Türkiye's least developed regions. | 150,000,000 |
| Alcazar Energy Partners II SLP (SCSp) | Middle East and North Africa | Middle East Regional | Equity | Renewable energy fund focused on selected emerging markets within MENAT and ECA regions. | 50,000,000 |
| Amicus Capital Partners IFSC FUND II and Amicus Capital Partners II | Asia | Asia Regional | Equity | PE fund investing in fast-growing early-stage growth companies in India. | 25,000,000 |
| Ankur Capital Fund III | Asia | Asia Regional | Equity | Impact VC fund that invests in early-stage technology-led startups. | 15,000,000 |
| Annapurna Finance Pvt. Ltd. | Asia | India | Third-Party Lender Investment Guaranty | LPG to support new off-grid solar lending product. | 5,835,000 |

| PROJECT NAME | REGION | COUNTRY | PROJECT TYPE | PROJECT DESCRIPTION | AMOUNT ($) |
|---|---|---|---|---|---|
| Aristo Securities Pte. Ltd. (RevFin) | Asia | India | Direct Investment | Expansion of digital lending company to underwrite EV financing loans for underserved customers. | 5,000,000 |
| ASA International Group | Worldwide | Worldwide | Direct Investment | Follow-on facility to support expansion of microfinance lending operations in Africa and Asia. | 15,000,000 |
| Asia Partners II LP | Asia | Asia Regional | Equity | Growth equity firm focused on technology investments in companies that are transforming Southeast Asia. | 30,000,000 |
| BAC Guatemala - LPG | Western Hemisphere | Guatemala | Third-Party Lender Investment Guaranty | LP guaranty targeting rural Western Highlands to incentivize BAC to extend credit. | 12,500,000 |
| Banco Atlántida S.A. | Western Hemisphere | Honduras | Direct Investment | On-lending to SME downstream borrowers, with 30% allocation to 2X-eligible SME borrowers. | 80,000,000 |
| Banco de America Central S.A. (BAC) | Western Hemisphere | El Salvador | Direct Investment | Loan to BAC to increase SME lending with a focus on expanding climate finance portfolio. | 60,000,000 |
| Banco Promerica, S.A. | Western Hemisphere | Guatemala | Direct Investment | Loan to increase lending to SMEs with a focus on women-owned/ -led borrowers and borrowers outside of Guatemala City. | 45,000,000 |
| Bboxx Capital RDC SARL | Africa | Democratic Republic of the Congo | Direct Investment | Finance capital to expand supply of solar home systems and related appliances in the DRC. | 10,000,000 |
| Blue Bonds for Marine Conservation - Gabon | Africa | Gabon | Insurance | Marine conservation and fisheries restoration management. | 747,789,905 |
| BuyMed Pte. Ltd. | Asia | Vietnam | Equity | Technology-enabled B2B pharma distribution platform serving rural Vietnam pharmacies, hospitals, and clinics. | 17,999,962 |
| Ceyhan Polipropilen Üretim Anonim Şirketi | Europe | Türkiye | Direct Investment | Development, construction, and operation of propane dehydrogenation-polypropylene production facility. | 550,000,000 |

| PROJECT NAME | REGION | COUNTRY | PROJECT TYPE | PROJECT DESCRIPTION | AMOUNT ($) |
|---|---|---|---|---|---|
| Citizens Development Business Finance PLC | Asia | Sri Lanka | Direct Investment | Loan to local NBFC for asset-backed lending to women and for green asset lending. | 30,000,000 |
| Clime Finance Pte. Ltd. | Asia | India | Direct Investment | On-lending to MSMEs engaged in climate adaptation and mitigation activities in India. | 10,000,000 |
| CO Capital I Trust | Western Hemisphere | Mexico | Third-Party Lender Investment Guaranty | Loan portfolio guaranty for triple-impact investments in early-stage SMEs in Mexico and Latin America. | 5,000,000 |
| Colombo West International Terminal Pte. Ltd. | Asia | Sri Lanka | Direct Investment | Construction of container transshipment hub in Colombo, Sri Lanka. | 553,000,000 |
| Customer Voice TA Facility | Worldwide | Worldwide | Technical Assistance | Establish DFC customer voice facility to support design, implementation, and analysis of end-customer surveys. | 1,000,000 |
| Dagangan Pte. Ltd. | Asia | Indonesia | Equity | B2B supply chain and e-commerce business serving MSMEs in Tier III-IV cities of Indonesia. | 10,000,000 |
| DAI (Dominican Republic) | Western Hemisphere | Dominican Republic | Insurance | Implement technical assistance projects in the DR to be funded by non-governmental, bilateral, and multilateral institutions. | 2,000,000 |
| DAI (Fiji) | Asia | Fiji | Insurance | Implements technical assistance projects in Fiji. | 2,000,000 |
| DAI (Papua New Guinea) | Asia | Papua New Guinea | Insurance | Implement technical assistance projects in PNG funded by non-governmental, bilateral, and multilateral institutions. | 2,000,000 |
| Dalmia Polypro Industries Pte. Ltd. | Asia | India | Direct Investment | Expand capacity to convert plastic waste into PET products through construction of new factory. | 30,000,000 |
| Dalus Capital Fund III, LP | Western Hemisphere | Latin America Regional | Equity | Invests in entrepreneurs building scalable solutions addressing significant challenges and opportunities in Latin America. | 15,000,000 |
| Disability Impact Fund TA | Asia | India | Technical Assistance | Aims to improve access, availability, and affordability of assistive technology in LMICs. | 354,069 |

| PROJECT NAME | REGION | COUNTRY | PROJECT TYPE | PROJECT DESCRIPTION | AMOUNT ($) |
|---|---|---|---|---|---|
| Ed Partners Africa | Africa | Kenya | Third-Party Lender Investment Guaranty | DFC-guaranteed loan to expand access to affordable, quality private schools in Kenya. | 10,000,000 |
| Energo Pro A.S. | Europe | Europe Regional | Third-Party Lender Investment Guaranty | Guaranty of note to support Energo Pro. | 545,000,000 |
| Equity Bank Uganda Ltd. | Africa | Uganda | Third-Party Lender Investment Guaranty | LPG to support lending to refugee and host communities, with support from USAID/ Uganda. | 6,000,000 |
| Fertiglobe Green Hydrogen TA-Electrolyzer | Middle East and North Africa | Egypt | Technical Assistance | Construction of solar PV farm, wind farm, and electrolyzer, with a focus on electrolyzer. | 3,825,000 |
| Fertiglobe Green Hydrogen TA-Renewables | Middle East and North Africa | Egypt | Technical Assistance | Construction of solar PV farm, wind farm, and electrolyzer, with a focus on wind and solar. | 1,175,000 |
| First City Monument Bank (FCMB) | Africa | Nigeria | Third-Party Lender Investment Guaranty | LPG to support SME lending in Nigeria's health sector, particularly in northern Nigeria. | 7,000,000 |
| Fonds Européen de Financement Solidaire II (FEFISOL II) S.A., SICAV-RAIF | Africa | Africa Regional | Third-Party Lender Investment Guaranty | USAID-sponsored LPG with FEFISOL's 2nd fund focused on MFIs and agriculture SMEs primarily in LICs and LMICs in Africa. | 19,250,000 |
| GeneSys Biologics Pte. Ltd. | Asia | India | Direct Investment | Expands insulin production to reduce price of diabetes treatment in the U.S. and globally. | 50,000,000 |
| Genus Power Infrastructures Ltd. | Asia | India | Direct Investment | Finances purchase, installation, operation, and maintenance of smart electricity meters. | 49,500,000 |
| GIFF-MFI-Compartamos Financiera S.A. | Western Hemisphere | Peru | Third-Party Lender Investment Guaranty | Expansion of microfinance loan portfolio; 65% or more of proceeds to women-owned businesses. | 15,554,000 |
| Global Access Fund IV LP | Worldwide | Worldwide | Direct Investment | MIV providing downstream funding to MFIs for water and sanitation micro-loans, mainly benefiting women. | 100,000,000 |

| PROJECT NAME | REGION | COUNTRY | PROJECT TYPE | PROJECT DESCRIPTION | AMOUNT ($) |
|---|---|---|---|---|---|
| GlobelEq Green Hydrogen TA | Middle East and North Africa | Egypt | Technical Assistance | Technical assistance and feasibility studies for green hydrogen project. | 5,000,000 |
| GN Beverages 2 | Asia | Mongolia | Direct Investment | Expansion of beverage bottling plant capacity; fully repaid $6 million 2017 OPIC loan. | 7,700,000 |
| Goldman Sachs Bank Europe SE | Europe | Poland | Third-Party Lender Investment Guaranty | Guaranty to provide hedging to ORLEN (utility in Poland) to support energy security. | 500,000,000 |
| Goodlife Rwanda | Africa | Rwanda | Insurance | Project encompassing private pharmacy and healthcare clinic chain targeting 30 major districts. | 15,000,000 |
| Greenlight Planet Solar Home Systems | Africa | Nigeria | Insurance | Distributor and financer of off-grid solar system solutions. | 50,000,000 |
| Hewa Tele Medical Oxygen | Africa | Kenya | Direct Investment | Construction of depots and training for medical oxygen products. | 10,000,000 |
| Home First Finance Company | Asia | India | Direct Investment | Financing to expand mortgage lending portfolio targeting low-income and women clients. | 75,000,000 |
| Horizon Capital Growth Fund IV, LP (HCGF IV) | Europe | Europe Regional | Equity | Targets $250 million to support high-growth tech and export-oriented SMEs. | 25,000,000 |
| Husk Power Systems Inc. | Africa | Nigeria | Equity | Mini-grid company operating in India and Nigeria and expanding elsewhere in Africa. | 15,000,000 |
| IFC Global Trade Finance Program (GTFP) | Europe | Ukraine | Third-Party Lender Investment Guaranty | Counter-guaranty of 50% of IFC's repayment risk for guaranties of trade financing obligations from approved Ukrainian banks. | 50,000,000 |
| Ifria Cold Chain Development Company Agadir SAS | Middle East and North Africa | Morocco | Direct Investment | Term loan to finance construction of cold chain warehouse facility in Oulad Teima, Morocco. | 9,300,000 |
| Ifria Cold Chain Development Company Senegal SUARL | Africa | Senegal | Direct Investment | Term loan to finance construction of cold chain warehouse facility in Diamniadio, Senegal. | 10,500,000 |
| Ignitia AB | Africa | Kenya | Direct Investment | Tropical weather forecasting service designed for smallholder farmers. | 1,000,000 |

| PROJECT NAME | REGION | COUNTRY | PROJECT TYPE | PROJECT DESCRIPTION | AMOUNT ($) |
|---|---|---|---|---|---|
| IndoPacific Liquidity Facility Pte. Ltd. | Asia | Asia Regional | Direct Investment | COVID-19 recovery facility focused on financing gaps in the IndoPacific. | 10,000,000 |
| International Institute of Health Sciences (Pvt.) Ltd. | Asia | Sri Lanka | Direct Investment | Expansion of physical facilities for nursing and health administration training institute. | 8,766,432 |
| ISQ III Climate Fund, L.P. and ISQ GMF Climate Fund, L.P. | Worldwide | Worldwide | Direct Investment | Invest in sectors that help developing economies of Asia, LATAM, and Africa reduce carbon intensity and grow sustainably. | 300,000,000 |
| Janngo Capital Startup Fund SLP | Africa | Africa Regional | Equity | Francophone African women-led VC fund that invests financial and human capital in innovative tech startups. | 10,000,000 |
| Joliba Capital Fund I | Africa | Africa Regional | Equity | Invests in SMEs and mid-sized businesses in Francophone West and Central Africa. | 20,000,000 |
| Kaebauk Investimentu no Finansas, SA | Asia | Timor-Leste | Direct Investment | Loan to support expansion of lending to rural unbanked borrowers and microenterprises in Timor-Leste. | 3,000,000 |
| Kasha Global, Inc. | Africa | Kenya | Equity | E-commerce provider of personal, health, and beauty products to low-income women in Kenya and Rwanda. | 3,000,000 |
| Kentegra Biotechnology Holding LLC | Africa | Kenya | Direct Investment | Expansion of Kentegra Biotechnology facilities to refine pyrethrum flowers into a key ingredient in organic pesticides. | 10,000,000 |
| Leap India Food and Logistics | Asia | India | Direct Investment | Facility to support four grain silo projects leased to Food Corporation of India, reducing storage losses and improving local food security. | 33,000,000 |
| LeapFrog Emerging Consumer Fund IV | Worldwide | Worldwide | Equity | Global impact-driven growth equity fund targeting healthcare and financial inclusion investments in Africa, South Asia, and Southeast Asia. | 25,000,000 |
| Limanska Vitroelektrostantsiia LLC (Limanskiy Wind Power Project) TA | Europe | Ukraine | Technical Assistance | Feasibility studies and technical assistance for 159MW wind power farm near Black Sea coast in Odessa. | 750,000 |

| PROJECT NAME | REGION | COUNTRY | PROJECT TYPE | PROJECT DESCRIPTION | AMOUNT ($) |
|---|---|---|---|---|---|
| liwwa, Inc. | Middle East and North Africa | Jordan | Direct Investment | Direct loan to fintech lender to support on-lending to SMEs in Jordan and Egypt. | 5,000,000 |
| MCE Social Capital & MESA Fund | Worldwide | Worldwide | Third-Party Lender Investment Guaranty | Supports lending to small and growing businesses across the developing world. | 10,000,000 |
| MHP SE | Europe | Ukraine | Direct Investment | Corporate loan to MHP, a poultry producer, to refinance bond maturing in 2024. | 250,000,000 |
| Microempresas de Colombia Cooperativa de Ahorro Y Credito | Western Hemisphere | Colombia | Third-Party Lender Investment Guaranty | LPG to expand lending to 2X-eligible borrowers, Venezuelan migrants, and Colombians in host communities. | 5,600,000 |
| Miro Forestry Developments Ltd. | Africa | Sierra Leone | Equity | Expansion of forestry company with operations in Ghana and Sierra Leone. | 24,000,000 |
| Missio Invest TA | Africa | Africa Regional | Technical Assistance | Facility to increase developmental impact of DFC's investment by providing portfolio companies with capacity building. | 1,836,250 |
| Mr. Green Africa Trading Kenya Ltd. | Africa | Kenya | Direct Investment | Loan to plastic recycling company that sources plastic waste from the informal sector in Kenya. | 5,000,000 |
| Nabil Bank Ltd. | Asia | Nepal | Third-Party Lender Investment Guaranty | LPG in support of EV/sustainable mobility sector in Nepal. | 5,000,000 |
| Namlan Khola Hydropower TA | Asia | Nepal | Technical Assistance | Project development work for 135MW Namlan Khola hydropower project. | 1,939,015 |
| National Bank of Iraq | Middle East and North Africa | Iraq | Direct Investment | Loan for on-lending to SMEs focused on financial inclusion and 2X. | 50,000,000 |
| Novastar Africa People + Planet | Africa | Africa Regional | Equity | Backs entrepreneur-led businesses to build innovative climate change solutions. | 25,000,000 |
| One Global Medical Technology Ltd. | Africa | Nigeria | Third-Party Lender Investment Guaranty | Guaranty of loan for Helium Health to on-lend to SME healthcare facilities in Nigeria. | 10,000,000 |

| PROJECT NAME | REGION | COUNTRY | PROJECT TYPE | PROJECT DESCRIPTION | AMOUNT ($) |
|---|---|---|---|---|---|
| ONEX Elefsis Shipyards and Industries S.A. | Europe | Greece | Direct Investment | Acquisition, revamping, and streamlining operations of Elefsina shipyard in Athens to create energy infrastructure hub for region. | 125,000,000 |
| Opportunity Bank Uganda Ltd. (OBUL) | Africa | Uganda | Third-Party Lender Investment Guaranty | LPG to support lending to refugee and host communities, with support from USAID/Uganda. | 5,400,000 |
| Opportunity International Savings and Loans | Africa | Ghana | Third-Party Lender Investment Guaranty | LPG to support MSMEs and farmer-led cooperatives, with emphasis on northern Ghana. | 2,500,000 |
| Orabank Benin | Africa | Benin | Third-Party Lender Investment Guaranty | LPG to support lending to SMEs in Benin, particularly those in the health sector. | 7,500,000 |
| Orom-Cross Graphite Project TA | Africa | Uganda | Technical Assistance | Funds study for developing flake graphite mine. | 5,000,000 |
| Pahal Financial Services Pte. Ltd. | Asia | India | Direct Investment | Expansion of microfinance portfolio serving women in predominantly rural India. | 12,000,000 |
| Patamar Beacon Pte. Ltd. | Asia | Vietnam | Third-Party Lender Investment Guaranty | LPG to support underlying loans extended by Beacon Fund, which operates in Southeast Asia. | 50,000,000 |
| Pembani Remgro Infrastructure Fund II | Africa | Africa Regional | Equity | Invests in infrastructure and related industry companies and projects within Africa. | 40,000,000 |
| PJSC JSB Lviv | Europe | Ukraine | Third-Party Lender Investment Guaranty | LPG to support continued bank lending to MSMEs operating in western Ukraine. | 20,000,000 |
| Plantform Agribusiness S.A.E. | Middle East and North Africa | Egypt | Direct Investment | USAID/Egypt-sponsored loan to agriprocessor to increase processing capacity, create jobs, and engage smallholder farmers. | 7,500,000 |
| Pomona Impact Fund II LP | Western Hemisphere | Latin America Regional | Equity | Invests in companies in Central America to scale their operations and impact. | 7,500,000 |

| PROJECT NAME | REGION | COUNTRY | PROJECT TYPE | PROJECT DESCRIPTION | AMOUNT ($) |
|---|---|---|---|---|---|
| ProCredit Bank d.d. Sarajevo | Europe | Bosnia and Herzegovina | Third-Party Lender Investment Guaranty | LPG to support expanded lending to SMEs with a focus on Bosnian diaspora-owned and/or -linked SMEs. | 7,500,000 |
| PT Amartha Nusantara Raya | Asia | Indonesia | Direct Investment | Digital lending platform connecting lenders with underserved microfinance entrepreneurs, primarily women in rural areas. | 20,000,000 |
| PT Bank Sahabat Sampoerna | Asia | Indonesia | Third-Party Lender Investment Guaranty | Unfunded LPG to support Bank Sampoerna's on-lending to MSME borrowers. | 100,000,000 |
| Raiffeisen Bank JSC | Europe | Ukraine | Third-Party Lender Investment Guaranty | LPG to support USAID/Ukraine development objectives to expand access to credit to MSMEs across the country. | 40,000,000 |
| Raiffeisen banka a.d. Beograd | Europe | Serbia | Third-Party Lender Investment Guaranty | LPG with a Serbian bank to promote post-COVID-19 lending for MSMEs. | 48,000,000 |
| Raino Tech4Impact Ltd. | Africa | Kenya | Direct Investment | B2B aggregation/sales platform to connect fish farmers with buyers; utilizes cold-chain "cold as a service" (CaaS) technology. | 500,000 |
| Ritz Leasing | Middle East and North Africa | West Bank and Gaza | Direct Investment | Loan to support EV transport and related charging infrastructure for SMEs in the West Bank. | 10,000,000 |
| Roam Electric Ltd. | Africa | Kenya | Direct Investment | Electric mobility company that designs and develops electric motorcycles and electric buses for emerging-market consumers. | 10,000,000 |
| SAEL Industries Ltd. | Asia | India | Equity | Renewable energy operator focusing on solar and waste-to-energy generation. | 35,000,000 |
| Sanima Bank Ltd. | Asia | Nepal | Third-Party Lender Investment Guaranty | LPG in support of the EV sector in Nepal. | 2,500,000 |
| SCALE-MSME-iProcure Ltd. | Africa | Kenya | Third-Party Lender Investment Guaranty | Technology-enabled logistics and "last-mile" distribution company whose mission is to eliminate farm input scarcity. | 6,999,300 |

| PROJECT NAME | REGION | COUNTRY | PROJECT TYPE | PROJECT DESCRIPTION | AMOUNT ($) |
|---|---|---|---|---|---|
| SCALE-MSME-MyAgro Farms | Africa | Africa Regional | Third-Party Lender Investment Guaranty | Loan guaranty to support MyAgro, which provides smallholder farmers with access to high-quality farming inputs. | 4,500,000 |
| SCALE-Non-MSME-Sempli S.A.S. | Western Hemisphere | Colombia | Third-Party Lender Investment Guaranty | Supports micro and small loan portfolio, expanding economic inclusion to underserved communities in Colombia, with a focus on women. | 5,999,400 |
| Science for Society Techno Services Pte. Ltd. | Asia | India | Direct Investment | Long-term loan to expand processing capacity to include secondary processing and refinance existing high-cost debt. | 8,900,000 |
| Sekerbank T.A.S. | Europe | Türkiye | Direct Investment | Supports on-lending to women-owned SMEs (2X), Syrian refugee SMEs, earthquake relief, and SMEs. | 100,000,000 |
| Siddhartha Bank Ltd. | Asia | Nepal | Direct Investment | Support to Siddhartha Bank for on-lending to SMEs in Nepal. | 100,000,000 |
| Solararomo S.A. | Western Hemisphere | Ecuador | Direct Investment | Construction and operation of 200MW solar power project in Manabi Province of Ecuador. | 144,000,000 |
| Solararomo S.A. Political Risk Insurance | Western Hemisphere | Ecuador | Insurance | PRI coverage for sponsor's equity investment in the construction and operation of solar PV project in Manta, Ecuador. | 50,000,000 |
| Stone Instituicao de Pagamento S.A. | Western Hemisphere | Brazil | Direct Investment | An investment in an asset-backed security to fund SME working capital receivables. | 467,500,000 |
| Summa Airports (SL) Ltd. | Africa | Sierra Leone | Direct Investment | Expansion, refurbishment, and operation of Lungi International Airport in Freetown. | 150,000,000 |
| Superhumans Center | Europe | Ukraine | Insurance | Non-profit hospital being established for amputee and PTSD victims of Russian invasion of Ukraine in Lviv, Ukraine. | 25,000,000 |
| Tembici | Western Hemisphere | Brazil | Equity | Direct equity investment for Tembici, a Latin American operator of docked bicycles for shared use in cities. | 15,000,000 |

| PROJECT NAME | REGION | COUNTRY | PROJECT TYPE | PROJECT DESCRIPTION | AMOUNT ($) |
|---|---|---|---|---|---|
| Tetra4 Proprietary Ltd. | Africa | South Africa | Direct Investment | Second-phase development and commercialization of helium and natural gas field in South Africa including development of helium and LNG plant. | 535,000,000 |
| | | | Insurance | | 814,584,910 |
| Tien Phong Commercial Joint Stock Bank | Asia | Vietnam | Direct Investment | Expand TPBank's digital financing portfolio to low-income MSMEs in Vietnam. | 100,000,000 |
| TP Solar Ltd. | Asia | India | Direct Investment | Loan will finance the construction and operation of 4GW solar module manufacturing facility. | 425,000,000 |
| Transform Health Fund | Africa | Africa Regional | Equity | Supports healthcare access and affordability in health delivery and supply chains. | 10,000,000 |
| Triple Jump Financial Inclusion Resilience Fund B.V. | Worldwide | Netherlands | Direct Investment | Provides subordinated debt to financial intermediaries serving MSMEs. | 48,000,000 |
| TURF Catalytic Capital Fund | Africa | Africa Regional | Technical Assistance | Supports sidecar technical assistance vehicle that will provide project preparation work needed for infrastructure projects. | 5,000,000 |
| Twigg Exploration and Mining Ltda. | Africa | Mozambique | Direct Investment | Expansion of existing graphite mine and associated ore processing facilities. | 150,000,000 |
| Ukraine Catholic University TA | Europe | Ukraine | Technical Assistance | Serves students and Ukrainian society in the conflict and post-conflict. | 460,000 |
| Ummeed Housing Finance Pte. Ltd. | Asia | India | Direct Investment | Long-term financing for mortgage loans extended to low-income women. | 20,000,000 |
| Upgrid Electrilease Pte. Ltd. (Battery Smart) | Asia | India | Direct Investment | Battery Smart manages system of battery-swapping stations for electric rickshaws (i.e., electric vehicles). | 10,000,000 |
| Upper Mugu Karnali Hydropower TA | Asia | Nepal | Technical Assistance | Project development work for 300MW Upper Mugu Karnali hydropower project. | 3,059,935 |

| PROJECT NAME | REGION | COUNTRY | PROJECT TYPE | PROJECT DESCRIPTION | AMOUNT ($) |
|---|---|---|---|---|---|
| UsPlus Ltd. | Africa | South Africa | Direct Investment | Fintech providing flexible working capital solutions to SMEs in South Africa. | 8,000,000 |
| Vietnam Prosperity Joint-Stock Commercial Bank | Asia | Vietnam | Direct Investment | Expansion of on-lending program in Vietnam for SMEs, women SMEs, and climate-linked SME loans. | 300,000,000 |
| Vistaar Financial Services Pte. Ltd. | Asia | India | Direct Investment | DFC loan to expand portfolio of MSME lending in rural India. | 50,000,000 |
| Wavemaker Impact | Asia | Asia Regional | Equity | Climatech venture builder focusing on reducing carbon emissions in Southeast Asia. | 15,000,000 |
| WBC-Cooperativa de Ahorro y Credito Fernando Daquilema | Western Hemisphere | Ecuador | Third-Party Lender Investment Guaranty | Indigenous Tier I cooperative headquartered in and serving rural areas of Ecuador. | 9,000,000 |
| West Africa Blue Carbon TA | Africa | Sierra Leone | Technical Assistance | Technical assistance and feasibility study for blue carbon capture/credits scheme in mangrove forests in Sierra Leone. | 946,000 |
| Yilport Terminal Operations S.A. | Western Hemisphere | Ecuador | Direct Investment | Brownfield expansion and modernization of Puerto Bolívar container port in El Oro Province, Machala, Ecuador. | 150,000,000 |

# 2023 Portfolio Company Investments

| FUND NAME | PORTFOLIO COMPANY | COUNTRY/REGION | DESCRIPTION |
| --- | --- | --- | --- |
| AfricInvest Fund IV LLC | AFG | Côte d'Ivoire, Cameroon, Gabon, Mali, Comoros, Madagascar, Mauritius | Provider of banking, management, and financial intermediation. |
| | Justrite Trading, Ltd. | Nigeria | Operator of retail supermarkets. |
| Atlantica Ventures Fund I | 54 Financial Services, Inc. | Nigeria | Provider of credit for lending businesses. |
| | Curacel, Inc. | Nigeria | Provider of a claims and fraud detection platform. |
| | Gricd Integrated Agro Allied Services, Ltd. | Nigeria | Provider of cold chain devices. |
| | OnePipe.io Services, Ltd. | Nigeria | Developer of a fintech platform. |
| | Sabi Am | Nigeria | Provider of a category-agnostic B2B network. |
| | Sendmarc Pty. Ltd. | South Africa | Developer of network security software. |
| | Sendy, Ltd. | Kenya | Developer of an on-demand delivery platform. |
| Aqua Capital III | SoluBio | Brazil | On-farm biological services. |
| BlueEarth Credit Strategies II | Acrecent Financial Corp. | Puerto Rico | Provider of financial and leasing services. |
| | Bayport Colombia SAS | Colombia | Provider of finance and insurance services. |
| | First Finance plc | Cambodia | Provider of home-loan financing services. |
| | Grupo Olinx S.A.P.I. de C.V. SOFOM E.N.R. | Mexico | Provider of debt financing. |
| | LOLC (Cambodia) plc | Cambodia | [Operates as subsidiary of LOLC Group.] Provider of financial, insurance, information technology, trading, and leisure services. |

| FUND NAME | PORTFOLIO COMPANY | COUNTRY/REGION | DESCRIPTION |
|---|---|---|---|
| | Lula Lend Pty. Ltd. | South Africa | Provider of digital short-term loans and credit facilities. |
| | Pro Confianza SA de CV SOFOM ENR | Mexico | Provider of loans and leases to SMEs. |
| | PT Trihamas Finance | Indonesia | Provider of vehicle financing for productive and consumptive business use. |
| | Varthana Finance Pvt. Ltd. | India | Provider of lending services intended to transform education infrastructure. |
| BluePeak Private Capital Fund SCSp | Prime Logistics Holdings, Ltd. | Tanzania | Provider of transportation and logistics management solutions. |
| | Watu Credit, Ltd. | Kenya | Provider of credit through loans. |
| Chiratae Ventures International Fund IV LLC | Cavalier Wireless, Inc. | India | Provider of wireless network services. |
| | Regent, Inc. | India | Provider of AI-supported remote administrative assistants for businesses. |
| Convergence Partners Digital Infrastructure Fund, L.P. | 42Markets Group Holdings, Ltd. | South Africa, Kenya, Mauritius, Ghana, Nigeria | Operator of a fintech group. |
| | CSquared | Uganda, Ghana, Nigeria, Togo, DRC, Kenya | Provider of broadband through shared infrastructure. |
| | Merit Telecoms, Ltd. | Nigeria | Provider of solutions to the telecommunications industry. |
| | Yellow Digital Retailers, Ltd. | Malawi, Uganda, Rwanda, Zambia, Madagascar | Developer of a digital finance and technology platform. |
| Dolma Impact Fund II | Chirayu National Hospital Pvt. Ltd. | Nepal | Operator of a private hospital providing ethical and personalized care. |
| | Foodmandu Pvt. Ltd. | Nepal | Operator of a food delivery platform. |
| | Setikhola Hydropower Pvt. Ltd. | Nepal | Infrastructure investment in a hydropower project in Nepal. |
| | WorldLink Pvt. Ltd. | Nepal | Provider of internet services solutions. |
| Gazelle Fund LP | Haya Festival LLC | Armenia | Operator of an events planning company. |
| | I Pharma LLC | Armenia | Provider of wholesale medicines. |
| | New Home LLC | Armenia | Provider of construction and renovation works. |

| FUND NAME | PORTFOLIO COMPANY | COUNTRY/REGION | DESCRIPTION |
| --- | --- | --- | --- |
| GEF LatAm Climate Solutions Fund III | Automa Power & Utilities | Brazil | Enterprise software and data analysis for electrical systems. |
| | HCC Energia Solar | Brazil | Development and installation of solar PV projects. |
| | Lar Plastico | Brazil | Fully integrated recycled plastics platform. |
| Greater Pacific Capital Private Investing India L.P. | Enzen Global Pvt. Ltd. | India | Provider of consulting and business services for utilities. |
| | Near Intelligence, Inc. | Singapore, India | Owner and operator of a location-based intelligence platform. |
| Horizon Capital Growth Fund IV, LP | ITGlobal Group OU (GoIT) | Ukraine | Equity investment into global online coding and digital skills school. |
| | Preply, Inc. | Ukraine | Global online language learning platform. |
| Integra Partners Fund II, L.P. | CleanHub GmbH | Southeast Asia | Provider of environmental services. |
| | Elfie Pte. Ltd. | Singapore | Developer of a chronic disease management platform. |
| | Sirius Technologies Pte. Ltd. | Singapore | Developer of a multiverse software platform. |
| ISQ Asia Fund II, L.P. | Asia Cube Connectivity Pte. Ltd. | Singapore | Platform to focus on developing data center connectivity in Asia. |
| Lok Capital IV LLC | Coastal Aquaculture Research Institute Pvt. Ltd. | India | Developer of full-stack aquaculture technology platform; provider of last-mile connectivity to farmers. |
| | Navashya Consumer Products Pvt. Ltd. | India | Operator and retailer of e-commerce platform intended to sell baby diapers. |
| | Seeds Fincap Pte. Ltd. | India | Provider of consumer finance services. |
| | WhizDM Innovations Pvt. Ltd. | India | Developer of mobile personal finance software application. |
| MHV Fund III, L.P. | 10X Consulting and Technology Co., Ltd. | Vietnam | Provider of comprehensive and personalized insurance solutions. |
| | JoyfulPerson Pte. Ltd. | Singapore | Provider of text-based mobile solution for frontline workers. |
| | Ottodot Pte. Ltd. | Singapore | Provider of educational games for children. |
| | Saola Tech Solutions Pte. Ltd. | Singapore | Operator of platform that serves as one-stop-shop for home buying. |

| FUND NAME | PORTFOLIO COMPANY | COUNTRY/REGION | DESCRIPTION |
|---|---|---|---|
| N22 Africa Fund (D) AB | Shara, Inc. | Kenya | Developer of a digital platform that allows SMEs to extend loans to customers. |
| | Smile Identity, Inc. | Nigeria | Provider of an identity management platform. |
| | Tyme Pte. Ltd. | Singapore | Provider of banking and financial services. |
| National Investment and Infrastructure Fund | GMR Goa International Airport, Ltd. | India | Provider of passenger airline services. |
| | Kashi Tollway | India | Infrastructure investment for Handia and Rajatalab highway. |
| Openspace Ventures Plus, L.P. | Igloo (Axinan Pte. Ltd.) | Singapore | Inclusive insurtech company focused on Southeast Asia. |
| Phatisa Food Fund 2, LLC | Manipal International Printing Press, Ltd. | Kenya | Provider of packaging, commercial printing, and business services. |
| Pomona Impact Fund II | Hybrico Energy Technologies | Latin America | Provider of energy-as-a-service and backup-as-a-service solutions. |
| | Teclogi Cargo SAS | Colombia | Express and long-haul cargo deliveries by connecting drivers and cargo. |
| SDG Outcomes Fund | ASRH Kenya Development Impact Bond | Kenya | Impact bond focused on delivery of sexual health and HIV services to adolescent girls in Kenya. |
| Somerset Indus Healthcare Fund II | Emil Pharmaceutical Industries Pvt. Ltd. | India | Manufacturer of pharmaceuticals. |
| | Natural Biogenex Pvt. Ltd. | India | Manufacturer of active pharmaceutical ingredients. |
| South Asia Growth Fund II | Electrodrive Powertrain Solutions Pvt. Ltd. | India | Provider of electric vehicle powertrain services solutions. |
| | Hero Motors, Ltd. | India | Manufacturer of automobile parts. |
| SP Fund 2019 | Wellness Healthcare Pvt. Ltd. | India | Operator of primary healthcare facilities. |
| SPE AIF I, LP | Vital Laboratories | Tunisia | Manufacturer of dietary supplements and herbal medicines. |
| Transform Health | Africa Healthcare Network | Pan-Africa | Provider of dialysis and preventive care in East Africa. |

| FUND NAME | PORTFOLIO COMPANY | COUNTRY/REGION | DESCRIPTION |
|---|---|---|---|
| Uhuru Growth Fund I-A, SCSp | Everyday Group of Company, Ltd. | Nigeria | Provider of diversified services to the Nigerian economy. |
| | Impact Life Insurance Co., Ltd. | Ghana | Provider of life insurance solutions. |
| | Royal Foam Products Nigeria, Ltd. | Nigeria | Manufacturer of high-quality mattresses, pillows, and sleep accessories. |
| Water Access Acceleration Fund | Rite Water Solutions (India) Pvt. Ltd. | India | Potable water and water-quality improvement solutions. |
| WRB Serra | MexSolar 1 LLC | Mexico | Energy investment in a solar project. |
| WWBCP II Non-SSA | Igloo | Singapore | Inclusive insurtech company focused on Southeast Asia. |
| WWBCP II SSA | Lula Lend Pty. Ltd. | South Africa | Digital lender serving SMEs in South Africa. |

# Financial Statements

## Consolidated Balance Sheets

*(dollars in thousands)*

| As of September 30, | 2023 | 2022 |
|---|---|---|
| **Assets** | | |
| Intragovernmental: | | |
| Fund Balance With Treasury (Note 2) | $ 3,041,884 | $ 2,631,003 |
| Investments, Net (Note 3) | 6,237,010 | 6,206,042 |
| Accounts Receivable, Net (Note 4) | 21,627 | 609 |
| Total Intragovernmental | 9,300,521 | 8,837,654 |
| With the Public: | | |
| Accounts Receivable, Net (Note 4) | 167,807 | 121,155 |
| Loans Receivable, Net (Note 5) | 10,242,062 | 7,523,771 |
| General Property, Plant and Equipment, Net (Note 6) | 21 | 155 |
| Advances and Prepayments (Note 7) | 183 | 1,247 |
| Investments, Net (Note 3) | 311,927 | 174,937 |
| Other Assets: | | |
| Negative Loan Guaranty Liabilities (Note 5) | - | 91,366 |
| Total With the Public | 10,722,000 | 7,912,631 |
| **Total Assets** | **$ 20,022,521** | **$ 16,750,285** |
| | | |
| **Liabilities (Note 8)** | | |
| Intragovernmental: | | |
| Debt (Note 9) | $ 10,497,580 | $ 8,964,971 |
| Advances from Others and Deferred Revenue (Note 10) | 1,267 | 3,561 |
| Other Liabilities: | | |
| Liability to the General Fund of the U.S. Government for Other Non-Entity Assets (Note 11) | 580,530 | 392,542 |
| Other Liabilities (Note 12) | 390 | 431 |
| Total Intragovernmental | 11,079,767 | 9,361,505 |
| With the Public: | | |
| Accounts Payable (Note 13) | 2,389 | 7,045 |
| Federal Employee Benefits Payable (Note 14) | 7,344 | 6,247 |
| Loan Guaranty Liabilities (Note 5) | 710,092 | - |
| Insurance and Guaranty Program Liabilities (Note 15) | 11,183 | 56,192 |
| Advances from Others and Deferred Revenue (Note 10) | 144,524 | 141,514 |
| Other Liabilities (Note 12) | 5,379 | 4,359 |
| Total With the Public | 880,911 | 215,357 |
| **Total Liabilities** | **11,960,678** | **9,576,862** |
| Commitments and Contingencies (Note 1) | | |
| **Net Position** | | |
| Unexpended Appropriations – Funds Other Than Dedicated Collections | 674,382 | 400,785 |
| Cumulative Results of Operations – Funds Other Than Dedicated Collections | 7,387,461 | 6,772,638 |
| **Total Net Position** | **8,061,843** | **7,173,423** |
| **Total Liabilities and Net Position** | **$ 20,022,521** | **$ 16,750,285** |

*The accompanying notes are an integral part of these principal financial statements.*

# Consolidated Statements of Net Cost

*(dollars in thousands)*

| **For the Years Ended September 30,** | **2023** | **2022** |
|---|---|---|
| **Insurance Program** | | |
| Gross Costs | | |
| Operating Costs | $ 16,086 | $ 54,989 |
| Total Gross Costs | 16,086 | 54,989 |
| Less: Earned Revenue | (140,084) | (160,236) |
| Net Insurance Program Costs | (123,998) | (105,247) |
| | | |
| **Debt Financing Program** | | |
| Gross Costs | | |
| Operating Costs | 468,415 | 320,233 |
| Subsidy Costs/(Reduction) (Note 5) | (195,307) | (159,960) |
| Net Reestimates (Note 5) | (102,589) | 221,211 |
| Total Gross Costs | 170,519 | 381,484 |
| Less: Earned Revenue | (431,223) | (271,853) |
| Net Debt Financing Program Costs | (260,704) | 109,631 |
| | | |
| **Equity Program** | | |
| Gross Costs | | |
| Operating Costs | 40,501 | 18,790 |
| Total Gross Costs | 40,501 | 18,790 |
| Less: Net Unrealized (Gains) | (931) | (6,723) |
| Less: Earned Revenue | (9,134) | (10,112) |
| Net Equity Program Costs | 30,436 | 1,955 |
| | | |
| **Technical Assistance Program** | | |
| Gross Costs | | |
| Operating Costs | 13,672 | 10,136 |
| Total Gross Costs | 13,672 | 10,136 |
| Less: Earned Revenue | (300) | - |
| Net Technical Assistance Program Costs | 13,372 | 10,136 |
| | | |
| **Net Cost of Operations** | **$ (340,894)** | **$ 16,475** |

*The accompanying notes are an integral part of these principal financial statements.*

# Consolidated Statements of Changes in Net Position

*(dollars in thousands)*

| **For the Years Ended September 30,** | **2023** | **2022** |
|---|---|---|
| **Unexpended Appropriations** | | |
| Beginning Balance | $ 400,785 | $ 171,177 |
| Appropriations Received | 1,236,707 | 928,884 |
| Appropriations Transferred-In | 12,388 | 9,322 |
| Other Adjustments | (1,361) | - |
| Appropriations Used | (974,137) | (708,598) |
| Net Change in Unexpended Appropriations | 273,597 | 229,608 |
| **Total Unexpended Appropriations** | **$ 674,382** | **$ 400,785** |
| **Cumulative Results of Operations** | | |
| Beginning Balance | 6,772,638 | 5,916,392 |
| Adjustments: | | |
| Changes in Accounting Principles (Note 1) | - | 656,763 |
| Beginning Balance as Adjusted | 6,772,638 | 6,573,155 |
| Appropriations Used | 974,137 | 708,598 |
| Imputed Financing | 6,189 | 3,520 |
| Offset to Non-entity Collections | (728,286) | (496,160) |
| Other Adjustments | 21,889 | - |
| Net Cost of Operations | 340,894 | (16,475) |
| Net Change in Cumulative Results of Operations | 614,823 | 199,483 |
| **Total Cumulative Results of Operations** | **$ 7,387,461** | **$ 6,772,638** |
| **Net Position** | **$ 8,061,843** | **$ 7,173,423** |

*The accompanying notes are an integral part of these principal financial statements.*

# Combined Statement of Budgetary Resources

| *(dollars in thousands)*<br>**For the Year Ended September 30, 2023** | **Budgetary** | **Non-Budgetary Credit Reform Financing Accounts** |
|---|---|---|
| **Budgetary Resources** | | |
| Unobligated Balance from Prior Year Budget Authority, Net | $ 6,486,341 | $ 649,513 |
| Appropriations | 1,236,707 | - |
| Borrowing Authority | - | 6,424,983 |
| Spending Authority from Offsetting Collections | 685,457 | 984,898 |
| **Total Budgetary Resources** | **$ 8,408,505** | **$ 8,059,394** |
| | | |
| **Status of Budgetary Resources** | | |
| New Obligations and Upward Adjustments | $ 1,732,011 | $ 7,021,506 |
| Unobligated Balance, End of Year | | |
| Apportioned, Unexpired Accounts | 263,900 | - |
| Unapportioned, Unexpired Accounts | 6,386,434 | 1,037,888 |
| Unexpired Unobligated Balance, End of Year | 6,650,334 | 1,037,888 |
| Expired Unobligated Balance, End of Year | 26,160 | - |
| Unobligated Balance, End of Year (Total) | 6,676,494 | 1,037,888 |
| **Total Budgetary Resources** | **$ 8,408,505** | **$ 8,059,394** |
| | | |
| **Outlays, Net and Disbursements, Net** | | |
| Outlays, Net | $ 590,673 | |
| Distributed Offsetting Receipts | (398,962) | |
| **Agency Outlays, Net** | **$ 191,711** | |
| | | |
| **Disbursements, Net** | | **$ 1,609,419** |

*The accompanying notes are an integral part of these principal financial statements.*

# Combined Statement of Budgetary Resources

| (dollars in thousands)<br>For the Year Ended September 30, 2022 | Budgetary | Non-Budgetary Credit Reform Financing Accounts |
|---|---|---|
| **Budgetary Resources** | | |
| Unobligated Balance from Prior Year Budget Authority, Net | $ 6,547,244 | $ 816,078 |
| Appropriations | 928,884 | - |
| Borrowing Authority | - | 5,521,406 |
| Spending Authority from Offsetting Collections | 465,749 | 935,253 |
| **Total Budgetary Resources** | **$ 7,941,877** | **$ 7,272,737** |
| | | |
| **Status of Budgetary Resources** | | |
| New Obligations and Upward Adjustments | $ 1,472,116 | $ 5,975,518 |
| Unobligated Balance, End of Year | | |
| Apportioned, Unexpired Accounts | 230,510 | 6,608 |
| Unapportioned, Unexpired Accounts | 6,207,094 | 1,290,611 |
| Unexpired Unobligated Balance, End of Year | 6,437,604 | 1,297,219 |
| Expired Unobligated Balance, End of Year | 32,157 | - |
| Unobligated Balance, End of Year (Total) | 6,469,761 | 1,297,219 |
| **Total Budgetary Resources** | **$ 7,941,877** | **$ 7,272,737** |
| | | |
| **Outlays, Net and Disbursements, Net** | | |
| Outlays, Net | $ 410,126 | |
| Distributed Offsetting Receipts | (426,222) | |
| **Agency Outlays, Net** | **$ (16,096)** | |
| | | |
| **Disbursements, Net** | | **$ 1,195,213** |

*The accompanying notes are an integral part of these principal financial statements.*

# Note 1: Summary of Significant Accounting Policies

## A. REPORTING ENTITY

The U.S. International Development Finance Corporation (DFC) is a United States (U.S.) Government corporation created under the Better Utilization of Investments Leading to Development (BUILD) Act (Public Law 115-254, Division F) which combined the assets, liabilities, and functions of the Overseas Private Investment Corporation (OPIC) and certain functions of the United States Agency for International Development (USAID). DFC facilitates U.S. private investment in developing countries and emerging market economies primarily by providing direct loans, loan guaranties, equity investments, technical assistance, and political risk insurance.

## B. BASIS OF PRESENTATION AND ACCOUNTING

### Basis of Presentation

The accompanying principal financial statements account for all resources for which DFC is responsible and present the financial position, results of operations, changes in net position, and the combined budgetary resources of DFC, as required by the Government Corporation Control Act title 31 United States Code §9106. The principal financial statements are prepared from the books and records of DFC activities in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP) promulgated by the Financial Accounting Standards Advisory Board (FASAB). FASAB is the official body for setting accounting standards of the U.S. Government. The format of the financial statements and notes are presented in accordance with the form and content guidance provided in Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements,* as amended (A-136). Significant intra-agency transactions and balances have been eliminated from the principal statements for presentation on a consolidated basis, except for the Combined Statements of Budgetary Resources, which are presented on a combined basis in accordance with A-136. As such, intra-agency transactions have not been eliminated from the Combined Statements of Budgetary Resources.

### Basis of Accounting

DFC's transactions are recorded on an accrual and a budgetary basis of accounting. Under the accrual basis, revenue is recognized when earned, and expenses are recognized when incurred, regardless of when cash is exchanged. The accompanying Consolidated Balance Sheets, Consolidated Statements of Net Cost, and Consolidated Statements of Changes in Net Position are prepared on an accrual basis.

Budgetary accounting is based on concepts set forth by OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget*, as amended, which provides instructions on budget execution. Budgetary accounting is designed to recognize the budgetary resources and the related status of those budgetary resources, including the obligation and outlay of funds according to legal requirements, which in many cases is made prior to the occurrence of an accrual-based transaction. Budgetary accounting is essential for compliance with legal constraints and controls over the use of Federal funds.

### Combined Statements of Budgetary Resources

The Combined Statements of Budgetary Resources have been prepared in accordance with budgetary accounting concepts and definitions. The Combined Statements of Budgetary Resources present:

**Budgetary Resources:** Budgetary resources are amounts available to incur obligations in a fiscal year (FY). DFC's budgetary resources include unobligated balances of resources from prior years and new resources, consisting of appropriations, borrowing authority, and spending authority from offsetting collections. DFC's budgetary resources are from both mandatory and discretionary spending authority. Mandatory spending authority is controlled by laws other than appropriations acts, such as authority provided under the BUILD Act. Discretionary spending authority is budgetary resources (except those provided to fund mandatory spending programs) provided in appropriations acts.

**Status of Budgetary Resources:** Displays the status of the funding for the fiscal year, including whether the sources have been obligated for use, or if they were not obligated. Unobligated sources are displayed as funds that are apportioned for use, unapportioned for use, or expired. Obligations are legally binding agreements that will result in outlays in the future. Unobligated amounts mean the cumulative amount of budget authority that remains available for obligation under law in unexpired accounts.

**Outlays, Net:** Outlays are payments to liquidate an obligation (other than the repayment to the U.S. Department of Treasury (Treasury) of debt principal). Outlays are a measure of Government spending. Net outlays display budgetary outlays for DFC, reduced by actual offsetting collections, and distributed offsetting receipts. Offsetting collections are payments to the Government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account, rather than added to receipts, and are authorized to be spent for the purposes of the account without further action by Congress. DFC's offsetting collections include the receipt of interest, fees, and other revenue. Distributed offsetting receipts are collections credited to general fund receipt accounts that offset gross outlays. DFC's distributed offsetting receipts include negative subsidy and downward reestimates that are transferred from DFC to general fund receipt accounts of the Treasury.

**Disbursements, Net:** Non-budgetary disbursements are limited to the DFC's non-budgetary credit reform financing accounts that account for DFC's direct loans and loan guaranty programs under the Federal Credit Reform Act of 1990 (FCRA). Disbursements include payments for loans, and loan guaranty claim payments, reduced offsetting collections of loan principal, loan interest, and fees and subsidy amounts received.

## Intragovernmental and With the Public Transactions

Statement of Federal Financial Accounting Standards (SFFAS) 1, *Accounting for Selected Assets and Liabilities*, distinguishes between intragovernmental and with the public assets and liabilities. Intragovernmental assets and liabilities arise from transactions among Federal entities. Intragovernmental assets are claims other Federal entities owe to DFC. Intragovernmental liabilities are claims DFC owes to other Federal entities, whereas with the public assets and liabilities arise from transactions with public entities. The term "public entities" encompasses domestic and foreign persons and organizations outside the U.S. Government. With the public assets are claims of DFC against public entities. With the public liabilities are amounts that DFC owes to public entities.

## Use of Estimates

DFC management has made certain estimates and assumptions when reporting assets, liabilities, revenue, and expenses and disclosures in the notes. Uncertainties associated with these estimates exist and actual results may differ from these estimates; however, DFC estimates are based on historical experience, current events, and other assumptions that are believed to be reasonable under the facts and circumstances. Significant estimates underlying the accompanying financial statements as of the date of these financial statements include allowances for loans receivable and loan guaranty liabilities (see Note 5 for additional information), subsidy expense, liability for losses on remaining coverage of insurance programs, and recoveries on insurance claims (see Note 15 for additional information).

## Public-Private Partnerships

SFFAS 49, *Public-Private Partnerships*, requires the disclosure of risk-sharing arrangements with expected lives greater than five years between public and private sector entities. The intent of SFFAS 49 is to capture and disclose off-balance sheet activity and potential risk-sharing arrangements or transactions the government is exposed to for these activities. Many of DFC's transactions share many of the characteristics of public-private partnerships as defined by SFFAS 49. All of DFC's services and products (insurance, credit, and equity investments) which are provided to the "private sector" and expose DFC to risk-sharing transactional agreements are all captured on the Consolidated Balance Sheets, along with any estimated losses, and disclosed in the accompanying notes to the financial statements. See the principal financial statements and Note 1, Note 3, Note 5, and Note 15.

### Change in Accounting Principle

In FY2022, DFC changed its accounting method for loans and loan guaranties made prior to FY1992, as allowed under U.S. GAAP and the Treasury's guidance. In FY2021 and prior, DFC reported a Liability for Capital Transfers to the General Fund of the Treasury. Direct loans and loan guaranties made prior to FY1992 are not covered under the FCRA, and excess funding not obligated is required to be transferred to the Treasury in the form of a capital transfer. The accounting guidance for the year-end closing entries for liquidating funds is set by the Treasury. The Treasury allows agencies to close such activity to cumulative results of operations, or to a liability account for capital transfers due to the Treasury. Either method is allowable. In FY2021, DFC recorded a liability for capital transfers due to the Treasury, which represented a liability for future proceeds to be paid to the Treasury. In FY2022, DFC changed its accounting method to close its annual revenues, activities, and transfers to cumulative results of operations, which resulted in reducing DFC's liability to the Treasury and increasing the cumulative results of operations. The change in accounting principle was reported on DFC's Consolidated Statements of Changes in Net Position as of September 30, 2022, as an adjustment to the FY2022 beginning balance of Cumulative Results of Operations.

### Accounting Standards Issued but Not Yet Effective

FASAB has issued the following pronouncements that will affect future financial presentation, as well as DFC's financial management practices and operations upon implementation. DFC has not completed the process of evaluating the effects of adopting these accounting standards and is unable to determine the materiality of changes that adopting will have on its FY2024 financial position, results of operations, and changes in net position. The accounting standards will not have any impact on the accounting for budgetary activity.

SFFAS 54, *Leases: An Amendment of SFFAS 5*, *Accounting for Liabilities of the Federal Government*, and SFFAS 6, *Accounting for Property, Plant, and Equipment*, revises the current Federal financial reporting standards for lease accounting and requires that Federal lessees recognize a lease liability and a leased asset at the commencement of the lease term, unless the lease agreement meets any of the scope exclusions or the definition/criteria of short-term leases, or contracts or agreements that transfer ownership, or intragovernmental leases. SFFAS 54 has been modified by the following standards:

SFFAS 57, *Omnibus Amendments 2019*, amends certain references to leases affected by SFFAS 54, as well as other minor changes to improve the clarity of existing statements.

SFFAS 58, *Deferral of the Effective Date of SFFAS 54, Leases*, defers SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government*, and SFFAS 6, *Accounting for Property, Plant, and Equipment:* SFFAS 58 defers SFFAS 54 until FY2024. Earlier implementation is not permitted.

SFFAS 60, *Omnibus Amendments 2021: Leases-Related Topics;* SFFAS 60 provides clarifications and improves consistency throughout SFFAS 54, SFFAS 57, SFFAS 5, and SFFAS 6. SFFAS 60 also amends and rescinds certain requirements in SFFAS 54 that were determined to be less likely to yield meaningful information.

SFFAS 61, *Omnibus Amendments 2023: Leases-Related Topics II;* SFFAS 61 amends SFFAS 54 and SFFAS 60 by providing additional guidance along with technical corrections and clarifications.

## C. FUND BALANCE WITH TREASURY

Fund Balance With Treasury (FBwT) is the aggregate amount of funds in DFC's accounts with the Treasury. The Treasury processes cash receipts and disbursements on DFC's behalf to pay liabilities and finance authorized purchases. DFC's accounting records are reconciled with the Treasury's records on a regular basis. DFC's FBwT includes all its general, revolving, and deposit funds. The general fund is used for subsidy and reestimates, revolving funds are used for operating expenses and DFC's finance and insurance programs, and deposit funds are for taxes withheld on payments to contractors.

## D. INVESTMENTS, NET

DFC has authority to invest its corporate reserve funds in Treasury non-marketable, market-based securities. Corporate reserve funds are derived from fees and other revenues related to its insurance program and funds transferred into DFC from OPIC in FY2020. Investments in Treasury securities are carried at face value, net of unamortized discount or premium. Premiums or discounts are amortized using the effective yield method. Interest income is compounded semi-annually by the Treasury and adjusted to include an accrual for interest earned to September 30. DFC has the ability and intent to hold its intragovernmental investments until maturity or until the carrying cost can be otherwise recovered.

Pursuant to 22 U.S.C. § 9621 and 22 U.S.C. § 9672, DFC is authorized to purchase equity securities as a minority investor in projects that have a clearly defined development and foreign policy purpose. DFC's investment into a project cannot exceed 30 percent of the aggregate amount of all equity investment made into the project at the time DFC approves the investment. Investments must supplement and encourage, but not compete, with private sector support. DFC must seek to sell and liquidate its equity investments as soon as commercially feasible, commensurate with other similar investors into the project and taking into consideration the national security interest of the United States. Since fair value is not defined in Federal accounting standards, DFC follows the accounting and reporting in Financial Accounting Standards Codification (ASC) 321 *Investments—Equity Securities* to report fair value of equity investments with the public. Fair value is determined under ASC 820, which establishes a three-level valuation hierarchy based upon observable and non-observable inputs.

- Level 1 reflects the unadjusted quoted prices in active markets for identical assets that the reporting entity can access at the measurement date.
- Level 2 reflects inputs other than quoted prices in Level 1 that are directly or indirectly observable for the asset.
- Level 3 reflects unobservable inputs for the asset.

DFC's equity investments with the public are often geographically concentrated in regions such as African, Asian, or Indian subcontinental regions. These foreign investments serve to develop and support the underfunded sectors of the region's marketplace and are often in markets that do not have an established marketplace with the breadth and scope comparable to one of the U.S. markets. Because the investments are made in regions with less developed markets, there are no observable inputs to value the investments. Therefore, DFC is valuing the investments using unobservable inputs. As a practical expedient, ASC 820 allows DFC to value investments at net asset value when a readily determined fair value is not available, and the investment is providing a net asset value that is measured under appropriate standards. Net asset value is the amount of net assets in the investment attributable to each share of capital stock outstanding at the close of a period. Net asset value excludes the effects of assuming conversion of outstanding convertible securities, whether their conversion would have a diluting effect. When neither a fair value nor a net asset value is available, ASC 321 allows DFC to report equity investments at cost minus any impairment. DFC has the ability and intent to hold its investments until maturity or until the carrying cost can be otherwise recovered.

## E. ACCOUNTS RECEIVABLE, NET

Accounts receivable are reported at net realizable value, measured as the carrying amount less an allowance for loss provision. Allowances are based on management's periodic evaluations of the underlying assets, considering factors including, but not limited to, materiality of the balance, general economic conditions, asset composition, and prior loss experience. Direct loan and loan guaranty fees receivable allowances are based on the same percentage of the allowances for the underlying direct loan or loan guaranty. Receivables from other Federal entities are deemed to be fully collectible.

## F. DIRECT LOANS AND LOAN GUARANTIES

The FCRA governs direct loans made after FY1991. In accordance with SFFAS 2, *Accounting for Direct Loans and Loan Guarantees*, SFFAS 18, *Amendments to Accounting Standards For Direct Loans and Loan Guarantees in SFFAS 2*, and SFFAS 19, *Technical Amendments to Accounting Standards For Direct Loans and Loan Guarantees in SFFAS 2*, FCRA direct loans are valued at the net present value of expected future cash flows, discounted at the interest rate of Treasury Marketable Securities. The subsidy allowance represents the difference between the outstanding direct loans receivable balance and the net present value of the estimated cash flows of the direct loans over their remaining term. The subsidy allowance is subtracted from the outstanding direct loans receivable balance to obtain the net direct loans receivable balance. DFC holds direct loans that it issues and does not sell direct loans. DFC issues direct loans in U.S. dollars as well as in foreign currencies. The FCRA also governs loan guaranties made after FY1991. The guaranty liability is determined by calculating the net present value of expected future cash flows for outstanding guaranties in a manner like that used to determine the subsidy allowance for direct loans. Loan guaranty liability can be positive or negative, and if negative, is reported as an asset on the Balance Sheet as Other Assets, Negative Loan Guaranty Liability. Guaranteed loans acquired by DFC upon borrower default are established as loans receivable and are valued in a similar manner as direct loans under the FCRA.

In accordance with SFFAS 2, DFC's loans and loan guaranties made prior to FY1992 are reported under the allowance-for-loss method. Under the allowance-for-loss method, the nominal amount of the direct loans is reduced by an allowance for uncollectible amounts and the liability for loan guaranties is the amount the entity estimates will more likely than not require a future cash outflow to pay default claims.

### Direct Loans With Foreign Governments

DFC holds direct loans where the other party is a sovereign nation that were initially provided by USAID prior to 2015 and were transferred to DFC at its inception under the provisions of the BUILD Act.

### Budgetary Accounting for Loan Programs

DFC's loan disbursements under the FCRA are financed by appropriation authority for long-term loan subsidy cost and borrowings from the Treasury for the remaining non-subsidized portion of the loans. Congress may authorize one-year, multi-year, or no-year appropriation authority to cover the estimated long-term costs of the loan programs. The non-subsidized portion of each loan disbursement, financed initially under permanent indefinite authority to borrow funds from the Treasury, is repaid from collections of loan fees, loan repayments, and default recoveries. Permanent indefinite authority is available to fund any reestimated increase of subsidy costs that occurs after the year in which a loan is disbursed. Reestimated reductions of subsidy costs are returned to the Treasury and are unavailable to DFC. As required by the FCRA, DFC uses budgetary "program accounts" to account for appropriation authority in its credit programs and non-budgetary "financing accounts" to account for credit program cash flow. Estimates and reestimates of credit program subsidy expenses are recorded in DFC's program accounts.

### Non-Budgetary Credit Reform Financing Accounts

Actual cash flows for direct loan and loan guaranty programs under the FCRA are recorded in separate Credit Reform Financing Accounts within the Treasury. These accounts borrow funds from the Treasury; make direct loan disbursements; pay claims on guaranteed loans; collect principal, interest, and fees from borrowers; earn interest from the Treasury on any uninvested funds; pay interest expense on outstanding borrowings; and transfer negative subsidy to the Treasury's general fund receipt account. New subsidy funded from DFC's annual appropriations and appropriations funding upward subsidy reestimates are received in program accounts and transferred to non-budgetary credit reform financing accounts. The budgetary resources and activities for these accounts are presented separately on the Combined Statements of Budgetary Resources and the Budget of the United States and are excluded from the determination of the budget deficit or surplus.

### Subsidy Funding Under the FCRA

The FCRA requires that the credit subsidy costs of direct loans and loan guaranties be expensed in the year loans are disbursed. The cost expressed as a percentage of loans disbursed is termed the subsidy rate. DFC receives an annual appropriation from Congress and transfers from USAID to fund its credit program subsidy. DFC records subsidy expenses when loans are disbursed. Subsidy for loans disbursed in foreign currencies is calculated in U.S. dollars and DFC does not change the subsidy amount for foreign currency fluctuations during the year. In accordance with the FCRA, subsidy costs are reestimated annually.

### Interest Receivable

Interest receivable is composed of accrued interest on loans receivable (direct loans and defaulted loan guaranties). Initial unpaid interest on defaulted loan guaranties that DFC acquires with the loan is treated as part of the principal of the loan receivable. Interest income is accrued at the contractual rate on the outstanding principal. DFC accrues interest on non-performing loans unless the loans are in litigation or in the process of being modified. DFC adjusts the allowances for interest receivable based on loan performance to reduce the net interest receivable.

## G. GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

DFC's property, plant, and equipment consists of general-purpose equipment used by the agency. DFC capitalizes property, plant, and equipment at historical cost for acquisitions that have an estimated useful life of two years or more. DFC has a capitalization threshold of $50,000 for equipment, furniture, vehicles, and leasehold improvements, and $250,000 for internal use software. DFC expenses property, plant, and equipment acquisitions that do not meet the capitalization criteria when purchased, as well as normal repairs and maintenance. Depreciation and amortization of property, plant, and equipment are computed using the straight-line method over the estimated useful life of the asset with periods ranging from five to 10 years.

### Leases

DFC accounts for leases in accordance with SFFAS 5, *Accounting for Liabilities of The Federal Government*, to determine whether leases meet the definition of a capital lease. Capital leases are recorded on the Consolidated Balance Sheets as assets under capital lease as part of General Property, Plant, and Equipment. DFC's capitalization threshold for capital leases is $50,000. The cost of property, plant, and equipment acquired under a capital lease is the amount recognized as a liability for the capital lease at its inception. Payments for capital leases are recorded against the liability for capital lease, with an interest component expensed. Depreciation and amortization of capital leases are computed using the straight-line method over the estimated useful life of the asset or lease term, whichever is shorter.

## H. LIABILITIES

Liabilities represent probable and measurable future outflows of resources because of past transactions or events and are recognized when incurred, regardless of whether there are budgetary resources available to pay the liabilities. However, liabilities cannot be liquidated without legislation providing resources and legal authority.

### Liabilities Covered and Not Covered by Budgetary Resources

Liabilities covered by budgetary resources include liabilities incurred that are covered by realized budgetary resources as of the Balance Sheet date. Budgetary resources include: (1) new budget authority, (2) appropriations, (3) borrowing authority, (4) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior-year balances during the year, (5) spending authority from offsetting collections, and (6) recoveries of unexpired budget authority through downward adjustments of prior-year obligations. Liabilities covered by budgetary resources also includes liabilities that are to be funded by permanent indefinite appropriations and may be apportioned by OMB without further action by Congress and without a contingency having to be met first. See Note 8 for additional information.

Liabilities not covered by budgetary resources are liabilities that will require budgetary resources to liquidate the liabilities.

### Liabilities Not Requiring Budgetary Resources

Liabilities not requiring budgetary resources are liabilities that will not require the use of budgetary resources, such as unearned revenue which is reduced as the revenue is earned.

### Current and Non-current Liabilities

DFC discloses its other liabilities between current and non-current liabilities in accordance with SFFAS 1, *Accounting for Selected Assets and Liabilities.* The current liabilities represent liabilities that DFC expects to settle within 12 months of the Consolidated Balance Sheet dates. Non-current liabilities represent liabilities that DFC does not expect to be settled within 12 months of the Consolidated Balance Sheet dates (see Note 12, Other Liabilities).

## I. DEBT

DFC's debt results from direct borrowings from the Treasury to fund the portion of direct loans not covered by subsidy appropriations, disbursements of downward subsidy reestimates, and payment of claims in excess of the amount of subsidy and collections maintained in the non-budgetary financing funds. DFC makes periodic principal repayments to the Treasury based on the analysis of its cash balances and future disbursement needs. The balance of the borrowings from the Treasury are reported as Debt on the Consolidated Balance Sheets.

## J. ADVANCES FROM OTHERS AND DEFERRED REVENUE

DFC charges retainer and other fees in conjunction with individual projects. The fees are received in advance and earned over time in accordance with SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting.* Facility fees collected exceeding $50,000 are amortized over the life of the project, starting when the loan has disbursed. DFC maintains fees for use in future years. Advances and deferred revenue also consist of unearned rent incentives that are amortized against rent expense, as well as advances from other Federal agencies for reimbursable agreements.

## K. ACCOUNTS PAYABLE

Accounts Payable includes amounts owed but not yet paid to intragovernmental and with the public entities for goods and services received by DFC. DFC estimates and records accruals when services and goods are performed or received.

## L. FEDERAL EMPLOYEE BENEFITS PAYABLE

### Leave

Employee annual leave is accrued when earned and reduced as leave is taken. Each year, the balance of accrued annual leave is adjusted to reflect current pay rates as well as forfeited "use or lose" leave. Amounts are reported as unfunded to the extent current or prior-year appropriations are not available to fund annual leave earned but not taken. Funded and unfunded sick leave and other types of non-vested leave are expensed as taken.

### Employee Health and Life Insurance Benefits

DFC employees may choose to participate in the contributory Federal Employees Health Benefit and the Federal Employees' Group Life Insurance programs. DFC matches a portion of the employee contributions to each program. Such matching contributions are recognized as current operating expenses.

### Employee Pension Benefits

DFC employees participate in either the Civil Service Retirement System or the Federal Employees Retirement System (FERS) and Social Security. These systems provide benefits upon retirement and in the event of death, disability, or other termination of employment, and may also provide pre-retirement benefits. They may also include benefits to survivors and their dependents, and they may contain early retirement or other special features. DFC's contributions to both retirement plans, as well as to the government-wide Federal Insurance Contribution Act, administered by the Social Security Administration, are recognized as current operating expenses. Federal employee benefits also include the Thrift Savings Plan. For FERS employees, DFC matches employee contributions to the plan, subject to limitations. The matching contributions are recognized as current operating expenses.

### Federal Employees' Compensation Act

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job and to beneficiaries of employees whose deaths are attributable to job-related injury or disease. The FECA program is administered by the Department of Labor (DOL). The DOL pays valid claims as they occur, which are billed to DFC annually and funded and paid approximately 15 months later. The DOL also calculates an estimated actuarial liability for future benefits based upon historical experience and other economic variables.

## M. INSURANCE AND GUARANTY PROGRAM LIABILITIES

In accordance with SFFAS 51, *Insurance Programs*, the Insurance and Guaranty Program liability represents the liability for unearned premiums and fees, claims incurred but not reported, claims submitted but not yet paid, and estimated losses on remaining coverage. The losses on remaining coverage includes the estimated amounts to be paid to settle claims, including claim adjustment expenses for the remaining open arrangement period, net of unearned premiums as of the end of the fiscal year, and net of future premiums due after the end of the fiscal year that relate to the remaining open arrangement period.

## N. COMMITMENTS AND CONTINGENCIES

In accordance with SFFAS 5, *Accounting for Liabilities of the Federal Government*, as amended by SFFAS 12, *Recognition of Contingent Liabilities Arising from Litigation: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government*, recognizes contingent liabilities in DFC's Consolidated Balance Sheets and Consolidated Statements of Net Cost when the loss is determined to be probable and reasonably estimable. In the event of an adverse judgment against the Government, some of the liabilities may be payable from the Treasury. DFC evaluates all contingent liabilities based on three criteria: probable, reasonably possible, and remote. DFC recognizes that the estimated liability may be a specific amount or a range of amounts. If some amount within the range is a better estimate than any other amount within the range, that amount is recorded. If no amount within the range is a better estimate than any other amount, the minimum amount of the range is recorded and the range and a description of the nature of the contingency are disclosed. DFC records an accrual for contingent liabilities if the liability is probable and reasonably estimable and discloses those contingencies that are reasonably possible. DFC does not disclose or record contingent liabilities when the loss is considered remote. For matters where DFC's Counsel is unable to express an opinion regarding the likely outcome of the case and an estimate of the potential liability cannot be made, the total amount claimed against the government is classified as "Reasonably Possible" and disclosed if available. DFC is currently involved in certain legal claims and has received notifications of potential claims in the normal course of business. There are substantial factual and legal issues that might bar any recovery in these matters. It is not possible to evaluate the likelihood of any unfavorable outcome, nor is it possible to estimate the amount of compensation, if any, that may be determined to be owed in the context of a settlement as of and for the years ended September 30, 2023, and 2022. Management believes that the resolution of these claims will not have a material adverse impact on DFC.

## O. NET POSITION

Net position is the residual difference between assets and liabilities and consists of Unexpended Appropriations and Cumulative Results of Operations.

### Unexpended Appropriations

DFC receives annual appropriations that are reduced and repaid to the Treasury during the fiscal year from DFC's offsetting collections from programs other than the insurance program, as well as negative subsidy. DFC also receives appropriations for subsidy to fund its direct loan and loan guaranty programs, as well as appropriations transferred in from other agencies for specific programs. Unexpended appropriations include the portion of DFC's appropriations that have not been reduced and repaid to the Treasury that are represented by undelivered orders and unobligated balances. Delivered orders result in expended appropriations and reduce the total reported as Unexpended Appropriations. Undelivered orders are the value of orders of goods or services which have not been actually or constructively received. DFC does not have funds from dedicated collections.

### Cumulative Results of Operations

Cumulative results of operations consist of the net difference since inception between expenses and losses; revenue and gains; and other financing sources. DFC does not have funds from dedicated collections.

## P. REVENUE AND OTHER FINANCING SOURCES AND USES

### Exchange and Non-exchange Revenue

DFC classifies revenue as either exchange revenue or non-exchange revenue. Exchange revenue arises when DFC provides goods or services to intragovernmental or with the public entities in exchange for inflows of resources. Exchange revenue is presented in the Consolidated Statements of Net Cost and serves to offset the cost of these goods and services. DFC activities recognize exchange revenue primarily from fees earned from its direct loan and loan guaranty programs, insurance premiums, earnings from investments, and from the reimbursements for goods and services provided to other Federal agencies. Non-exchange revenue are inflows of resources that the Government demands or receives by donation. Non-exchange revenue is considered to reduce the cost of operations and is reported in the Consolidated Statements of Changes in Net Position as a financing source. DFC does not have any non-exchange revenue.

### Other Financing Sources and Uses

Other financing sources include additional inflows of resources that increase the results of operations during the reporting period. DFC's other financing sources come from unexpended appropriation transfers-in and non-expenditure transfers-in and are recognized as financing sources when used. Other financing sources and uses also include: (1) Offset to Non-Entity Collections and (2) Imputed Financing with respect to costs subsidized by another Federal entity. Offset to Non-Entity Collections include capital transfers of excess funding for direct loan and loan programs made prior to FY1992, as well as negative subsidy and downward reestimates of direct loans and loan guaranties that are transferred to general fund receipt accounts of the Treasury.

### Imputed Financing and Imputed Cost

DFC recognizes the full cost of providing all employee benefits and future retirement benefits, including life and health insurance, at the time employee services are rendered. Eligible retired DFC employees, and retired OPIC employees, can continue to participate in life and health insurance plans. The cost of these benefits is funded through DFC contributions, employee compensation to the extent withheld from employee and retiree pay, from matching of employee withholding for the Thrift Savings Plan and Federal Insurance Contributions Act, and by the Office of Personnel Management (OPM), which administers the retirement programs for DFC employees. OPM calculates imputed costs as the actuarial present value of future benefits attributed to services rendered by covered employees and eligible retired DFC employees during the accounting period, net of the amounts contributed by employees, retirees, and DFC. DFC recognizes these imputed costs in the Consolidated Statements of Net Cost and imputed financing in the Consolidated Statements of Changes in Net Position.

## Q. EXPENSES

Expenses are recognized when there are outflows, usage of assets, or incurrences of liabilities (or a combination) from carrying out functions related to DFC's activity and related programs, for which benefits do not extend beyond the present operating period. For financial reporting purposes, operating expenses are recognized in the period incurred.

## R. CLASSIFIED ACTIVITIES

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

# Note 2: Fund Balance With Treasury

DFC's Fund Balance With Treasury (FBwT) consists of the following:

*(dollars in thousands)*

| **As of September 30,** | **2023** | **2022** |
|---|---|---|
| Status of Fund Balance With Treasury | | |
| Unobligated Balance | | |
| Available | $ 1,559,361 | $ 1,554,950 |
| Unavailable | 26,160 | 32,157 |
| Obligated Balance not yet Disbursed | 1,456,363 | 1,043,896 |
| **Total Fund Balance With Treasury** | **$ 3,041,884** | **$ 2,631,003** |

As of September 30, 2023, and 2022, there were no unreconciled differences between the Treasury records and balances reported on DFC's general ledger. DFC'S FBwT is classified as unobligated balance available, unobligated balance unavailable, and obligated balance not yet disbursed. Unobligated available balances represent amounts that are apportioned for obligation in the current fiscal year and unexpired appropriations available for incurring new obligations. Unobligated unavailable balances represent amounts that are in expired appropriations and not available for incurring new obligations. Obligated balances not yet disbursed include undelivered orders or delivered orders received but not yet paid. Obligated balances for loans and loan guaranties are supported by borrowing authority, and DFC borrows funds from the Treasury prior to making the disbursements.

## Note 3: Investments, Net

DFC's intragovernmental investments, net are composed of Treasury non-marketable, market-based securities, consisting of:

| *(dollars in thousands)*<br>**As of September 30, 2023** | **Acquisition Value** | **Amortized (Premium)/ Discount** | **Interest Receivable** | **Net Investments** | **Unrealized Gain/(Loss)** | **Market Value** |
|---|---|---|---|---|---|---|
| **Treasury Non-marketable, Market-based Intragovernmental Securities** | | | | | | |
| Notes | $ 5,308,880 | $ (12) | $ 29,374 | $ 5,338,242 | $ (474,170) | $ 4,864,072 |
| Bonds | 888,225 | 4,276 | 6,267 | 898,768 | (125,532) | 773,236 |
| **Total Intragovernmental Investments, Net** | **$ 6,197,105** | **$ 4,264** | **$ 35,641** | **$ 6,237,010** | **$ (599,702)** | **$ 5,637,308** |

| *(dollars in thousands)*<br>**As of September 30, 2022** | **Acquisition Value** | **Amortized (Premium)/ Discount** | **Interest Receivable** | **Net Investments** | **Unrealized Gain/(Loss)** | **Market Value** |
|---|---|---|---|---|---|---|
| **Treasury Non-marketable, Market-based Intragovernmental Securities** | | | | | | |
| Notes | $ 5,838,033 | $ 9,649 | $ 26,539 | $ 5,874,221 | $ (461,854) | $ 5,412,367 |
| Bonds | 329,984 | 356 | 1,481 | 331,821 | (29,993) | 301,828 |
| **Total Intragovernmental Investments, Net** | **$ 6,168,017** | **$ 10,005** | **$ 28,020** | **$ 6,206,042** | **$ (491,847)** | **$ 5,714,195** |

DFC's investments, net with the public, consist of:

| *(dollars in thousands)*<br>**As of September 30,** | **2023 Other** | **2022 Other** |
|---|---|---|
| Equity Securities Valued at Net Asset Value | $ 211,938 | $ 128,934 |
| Equity Securities Valued at Cost Less Impairment | 99,989 | 46,003 |
| **Total Securities and Investments, Net** | **$ 311,927** | **$ 174,937** |

DFC's equity investments with the public consist of investments in:

- Limited partnerships in private equity funds which are managed by a General Partner. As a limited partner, DFC has a limited liability to the extent of the investment, no managerial authority, and invests into the fund to achieve returns from the fund's portfolio of investments; and
- Direct investments into private companies that are not listed on a public exchange. Direct investments are generally illiquid and treated as long-term investments.

DFC's investments with the public activity is as follows:

| *(dollars in thousands)* | **2023** | **2022** |
|---|---|---|
| **Other Securities and Investments** | | |
| Beginning Balance as of October 1 | $ 174,937 | $ 95,318 |
| Valuation Adjustments | 931 | 6,723 |
| Loss on Investments | (10,000) | - |
| Return of Investments | (780) | (5,276) |
| Acquisitions of Investments | 146,839 | 78,172 |
| **Ending Balance as of September 30** | **$ 311,927** | **$ 174,937** |

DFC also has hybrid investments that are constructed as loans that may convert to equity investments. These hybrid investments are accounted for under the FCRA and are therefore not reported in the above schedules of investments.

# Note 4: Accounts Receivable, Net

DFC's accounts receivable, net consist of:

| *(dollars in thousands)*<br>**As of September 30,** | **2023** | **2022** |
|---|---|---|
| Intragovernmental Accounts Receivable | | |
| Defense Production Act Receivables | $ 140 | $ - |
| Subsidy Receivable from the Treasury | 21,487 | 609 |
| Total Intragovernmental Accounts Receivable, Net | 21,627 | 609 |
| With the Public Accounts Receivable | | |
| Fees Receivable | 160,128 | 111,400 |
| Insurance Premiums Receivable | 2,447 | 1,866 |
| Insurance Settlements Receivable | 60,971 | 21,071 |
| Other Receivables | 128 | 128 |
| Allowance for Uncollectible Amounts | (55,867) | (13,310) |
| Total With the Public Accounts Receivable, Net | 167,807 | 121,155 |
| **Total Accounts Receivable, Net** | **$ 189,434** | **$ 121,764** |

Intragovernmental accounts receivable consist of amounts due from the Department of Defense for activities related to the Defense Production Act and amounts due from the Treasury for subsidy on modified direct loans receivable in the Legacy Loan Guaranty program for loans made prior to FY1992. With the public accounts receivable are primarily amounts due to DFC for fees for insurance policies, fees from loan and loan guaranty agreements, premiums from insurance policies, and assets acquired in insurance claims settlements.

# Note 5: Loans Receivable, Net and Loan Guaranty Liabilities

## A. DIRECT LOAN AND LOAN GUARANTY PROGRAMS

DFC administers the following direct loan and loan guaranty programs:

| Name of Program | Description |
|---|---|
| Direct Loan Program | Direct loans by DFC, and loans transferred from OPIC and USAID to DFC. Direct loans are disbursements to a borrower under a contract that requires repayment to DFC with interest. DFC's direct loans invest across sectors including energy, healthcare, critical infrastructure, and technology. DFC also provides financing for small businesses and women entrepreneurs in order to create jobs in emerging markets. All of the loans included in this program were made after FY1991 and are accounted for under the FCRA. |
| Loan Guaranties | Loan guaranties by DFC, and agreements transferred from OPIC and USAID to DFC. Loan guaranties are agreements where DFC provides guaranties with respect to the payment of all or a part of the principal or interest on a debt obligation of a borrower to a lender. DFC's loan guaranties support investments across sectors including energy, healthcare, critical infrastructure, and technology. DFC also provides loan guaranties for small businesses and women entrepreneurs in order to create jobs in emerging markets. All of the loan guaranties included in this program were made after FY1991 and are accounted for under the FCRA. |

## Valuation Methodology for Direct Loans and Loan Guaranties

The valuation methodology of direct loans and loan guaranties made after FY1991 is based on the net present value of their expected future cash flows. DFC estimates future cash flows for direct loans and loan guaranties using economic and financial credit subsidy models. DFC's models vary in the specific methodologies employed to forecast future program cash flows. In general, however, models for all major credit programs use historical data as the basis for assumptions about future program performance and then translate these assumptions into nominal cash flow estimates by applying rules about program structure. Nominal cash flow forecasts are discounted using OMB's Credit Subsidy Calculator that has both forecasted and actual Treasury interest rates. Loans have been made in both U.S. dollars and foreign currencies and the DFC's subsidy models incorporate the exchange risk. Loans extended in foreign currencies that were originated by USAID and transferred into DFC were made with or without "Maintenance of Value" (MOV). Foreign currency exchange gain or loss is recognized upon receipt of loan repayments on loans extended without MOV and reflected in the net credit programs receivable balance. The net loans receivable or the value of assets related to direct loans is not the same as expected proceeds from selling the loans.

Historical data is used as the basis for program performance assumptions. The historical data undergoes quality review and analysis prior to its use in developing model assumptions. Key input to the subsidy models varies by program and includes items such as:

- Contractual terms of the loan or guaranty such as loan amount, interest rate, maturity, and grace period
- Borrower characteristics
- Estimated changes in foreign currency valuations
- Loan performance assumptions, such as default and recovery rates
- Loan fee rates

DFC's rating methodology for its FCRA reestimates is based on industry best practices and the expert judgment of a core panel of officers from origination, monitoring, credit policy, and risk management who worked in conjunction with Moody's Analytics. The methodology rates the portfolio risk with a consistent and standardized approach.

DFC's total net subsidy reestimates for direct loan and loan guaranties for FY2023 is ($103) million, a net downward reestimate. Some of the key drivers of the reestimates include a higher interest rate environment as well as a decrease in the value of the dollar. These factors as well as individual project drivers resulted in a net downward reestimate. Six projects had a significant downward reestimate due to increases in interest rates and changes to discount rates. These projects disbursed into higher interest rates than those assumed at the time of obligation. DFC has several loans denominated in foreign currencies. The decrease in value of the U.S. dollar resulted in projected gains in value of the foreign currencies against the dollar, which decreased the reestimates. Additionally, one loan had a risk rating upgrade, and one loan had a substantial prepayment, both contributing to a net downward reestimate.

## B. DIRECT LOANS, NET

| *(dollars in thousands)* **As of September 30, 2023** | **Loans Receivable, Gross** | **Interest Receivable** | **Allowance for Loan Loss** | **Allowance for Subsidy Cost (Present Value)** | **Value of Assets Related to Direct Loans, Net** |
|---|---|---|---|---|---|
| Direct Loans Obligated Prior to FY1992 | $ 319,788 | $ 443,442 | $ (537,414) | $ - | $ 225,816 |
| Direct Loans Obligated After FY1991 | 9,758,433 | 152,468 | - | (896,661) | 9,014,240 |
| Total Direct Loans Receivable | 10,078,221 | 595,910 | (537,414) | (896,661) | 9,240,056 |
| Defaulted Loan Guaranties Receivable (Table F) | 1,367,487 | 126,856 | (54,376) | (437,961) | 1,002,006 |
| **Total Loans Receivable, Net** | **$ 11,445,708** | **$ 722,766** | **$ (591,790)** | **$ (1,334,622)** | **$ 10,242,062** |

| *(dollars in thousands)* **As of September 30, 2022** | **Loans Receivable, Gross** | **Interest Receivable** | **Allowance for Loan Loss** | **Allowance for Subsidy Cost (Present Value)** | **Value of Assets Related to Direct Loans, Net** |
|---|---|---|---|---|---|
| Direct Loans Obligated Prior to FY1992 | $ 353,569 | $ 421,356 | $ (510,361) | $ - | $ 264,564 |
| Direct Loans Obligated After FY1991 | 7,850,317 | 125,816 | - | (1,036,643) | 6,939,490 |
| Total Direct Loans Receivable | 8,203,886 | 547,172 | (510,361) | (1,036,643) | 7,204,054 |
| Defaulted Loan Guaranties Receivable (Table F) | 1,265,125 | 112,991 | (56,658) | (1,001,741) | 319,717 |
| **Total Loans Receivable, Net** | **$ 9,469,011** | **$ 660,163** | **$ (567,019)** | **$ (2,038,384)** | **$ 7,523,771** |

## C. TOTAL AMOUNT OF DIRECT LOANS DISBURSED

| *(dollars in thousands)* **As of September 30,** | **2023** | **2022** |
|---|---|---|
| Direct Loan Disbursements | $ 2,432,096 | $ 1,953,927 |

## D. SUBSIDY EXPENSE AND REESTIMATES FOR DIRECT LOAN PROGRAMS BY COMPONENT

| *(dollars in thousands)* **As of September 30,** | **2023** | **2022** |
|---|---|---|
| Subsidy Expense for New Direct Loans Disbursed | | |
| Interest Differential | $ (15,978) | $ (7,852) |
| Defaults, Net of Recoveries | 194,587 | 156,636 |
| Fees and Other Collections | (379,639) | (275,013) |
| Other | 20,821 | 13,639 |
| Total Subsidy Expense for New Direct Loans Disbursed | (180,209) | (112,590) |
| Modifications and Reestimates | | |
| Total Modifications | (1,011) | 637 |
| Net Interest Rate Reestimates | 367 | 23,582 |
| Net Technical Reestimates | (141,076) | 49,304 |
| Total Net Reestimates | (140,709) | 72,886 |
| **Total Direct Loan Subsidy Expense** | **$ (321,929)** | **$ (39,067)** |

## E. SCHEDULE FOR RECONCILING DIRECT LOAN SUBSIDY COST ALLOWANCE

*(dollars in thousands)*

| As of September 30, | 2023 | 2022 |
|---|---|---|
| Beginning Balance of the Subsidy Cost Allowance | $ (1,036,643) | $ (949,034) |
| Add: Subsidy Expense for Direct Loans Disbursed During the Year | 180,209 | 112,590 |
| Adjustments: | | |
| Loan Modifications | 1,011 | (637) |
| Fees Accrued | (4,968) | (5,090) |
| Loans Written Off | 34,255 | 66,195 |
| Subsidy Allowance Amortization | (211,857) | (187,759) |
| Other | 623 | (22) |
| Total Adjustments | (180,936) | (127,313) |
| Ending Balance of the Subsidy Cost Allowance Before Reestimates | (1,037,370) | (963,757) |
| Add or Subtract Subsidy Net Reestimates | 140,709 | (72,886) |
| **Ending Balance of the Subsidy Cost Allowance** | **$ (896,661)** | **$ (1,036,643)** |

## F. DEFAULTED LOAN GUARANTIES

| *(dollars in thousands)*<br>**As of September 30, 2023** | Defaulted Loan Guaranties Receivable, Gross | Interest Receivable | Allowance for Loan Loss | Allowance for Subsidy Cost (Present Value) | Value of Assets Related to Defaulted Loan Guaranties Receivable, Net |
|---|---|---|---|---|---|
| Loans Obligated Prior to FY1992 | | | | | |
| Loan Guaranties | $ 86,425 | $ 14,016 | $ (54,376) | $ - | $ 46,065 |
| Loans Obligated After FY1991 | | | | | |
| Loan Guaranties | 1,281,062 | 112,840 | - | (437,961) | 955,941 |
| **Total** | **$ 1,367,487** | **$ 126,856** | **$ (54,376)** | **$ (437,961)** | **$ 1,002,006** |

| *(dollars in thousands)*<br>**As of September 30, 2022** | Defaulted Loan Guaranties Receivable, Gross | Interest Receivable | Allowance for Loan Loss | Allowance for Subsidy Cost (Present Value) | Value of Assets Related to Defaulted Loan Guaranties Receivable, Net |
|---|---|---|---|---|---|
| Loans Obligated Prior to FY1992 | | | | | |
| Loan Guaranties | $ 90,490 | $ 13,344 | $ (56,658) | $ - | $ 47,176 |
| Loans Obligated After FY1991 | | | | | |
| Loan Guaranties | 1,174,635 | 99,647 | - | (1,001,741) | 272,541 |
| **Total** | **$ 1,265,125** | **$ 112,991** | **$ (56,658)** | **$ (1,001,741)** | **$ 319,717** |

## G. GUARANTIED LOANS OUTSTANDING

### Guarantied Loans Outstanding

| *(dollars in thousands)*<br>**As of September 30, 2023** | Outstanding Principal of Guarantied Loans, Face Value | Amount of Outstanding Principal Guarantied |
|---|---|---|
| Loan Guaranties | $ 10,090,783 | $ 9,715,403 |
| **Total** | **$ 10,090,783** | **$ 9,715,403** |

| *(dollars in thousands)*<br>**As of September 30, 2022** | Outstanding Principal of Guarantied Loans, Face Value | Amount of Outstanding Principal Guarantied |
|---|---|---|
| Loan Guaranties | $ 9,871,489 | $ 9,557,922 |
| **Total** | **$ 9,871,489** | **$ 9,557,922** |

## New Loan Guaranties Disbursed

| *(dollars in thousands)*<br>**As of September 30, 2023** | **Principal of Guarantied Loans, Face Value** | **Amount of Principal Guarantied** |
|---|---|---|
| Loan Guaranties | $ 1,807,040 | $ 1,604,024 |
| **Total** | **$ 1,807,040** | **$ 1,604,024** |

| *(dollars in thousands)*<br>**As of September 30, 2022** | **Principal of Guarantied Loans, Face Value** | **Amount of Principal Guarantied** |
|---|---|---|
| Loan Guaranties | $ 1,561,172 | $ 1,401,109 |
| **Total** | **$ 1,561,172** | **$ 1,401,109** |

## H. LIABILITY FOR LOAN GUARANTIES

| *(dollars in thousands)*<br>**As of September 30,** | **2023** | **2022** |
|---|---|---|
| Loans Obligated After FY1991 | | |
| Loan Guaranties | $ 710,092 | $ (91,366) |
| **Total Liability for Loan Guaranties** | **$ 710,092** | **$ (91,366)** |

As of September 30, 2023, and 2022, DFC had no balances for liabilities for losses on pre-1992 guaranties.

## I. SUBSIDY EXPENSE FOR LOAN GUARANTIES BY PROGRAM AND COMPONENT

| *(dollars in thousands)*<br>**As of September 30,** | **2023** | **2022** |
|---|---|---|
| Subsidy Expense for New Loan Guaranties Disbursed | | |
| Defaults, Net of Recoveries | $ 45,534 | $ 48,017 |
| Fees and Other Collections | (69,651) | (99,704) |
| Other | 10,115 | 6,505 |
| Total Subsidy Expense for New Loan Guaranties Disbursed | (14,002) | (45,182) |
| Modifications and Reestimates | | |
| Total Modifications | (85) | (2,824) |
| Net Interest Rate Reestimates | 6,614 | 33,999 |
| Net Technical Reestimates | 31,507 | 114,326 |
| Total Net Reestimates | 38,121 | 148,325 |
| **Total Loan Guaranty Subsidy Expense** | **$ 24,034** | **$ 100,319** |

## J. SCHEDULE FOR RECONCILING THE LOAN GUARANTY LIABILITY

*(dollars in thousands)*

| **As of September 30,** | **2023** | **2022** |
|---|---|---|
| Beginning Balance of the Loan Guaranty Liabilities | $ (91,366) | $ 250,762 |
| Less: Claims Paid to Lenders | (407,698) | (721,173) |
| Add: Fees Accrued | 263,353 | 249,006 |
| Add: Subsidy Expense for Guarantied Loans Disbursed During the Year | 18,757 | 22,387 |
| Less: Negative Subsidy Payments | (32,759) | (67,569) |
| Add: Upward Reestimates | 244,777 | 344,533 |
| Less: Downward Reestimates | (206,657) | (196,209) |
| Subsidy Allowance Amortized | 921,795 | 29,745 |
| Loan Guaranty Modifications | (85) | (2,824) |
| Other | (25) | (24) |
| **Ending Balance of the Loan Guaranty Liability** | **$ 710,092** | **$ (91,366)** |

## K. SUBSIDY RATES BY PROGRAM AND COMPONENT

| **As of September 30, 2023** | **Defaults, Net of Recoveries** | **Interest** | **Fees** | **Other** | **Total** |
|---|---|---|---|---|---|
| Direct Loans | | | | | |
| Direct Loans | 16.19% | - | (25.40)% | - | (9.21)% |
| Direct Loan Investment Funds | 3.92% | (9.91)% | (3.14)% | - | (9.13)% |
| Direct Loans in Foreign Currencies | 13.26% | 16.09% | (17.33)% | (2.01)% | 10.01% |
| Loan Guaranties | | | | | |
| USAID Mission-led Guaranties | 7.41% | - | (1.50)% | - | 5.91% |
| Loan Guaranties | 13.57% | - | (21.77)% | - | (8.20)% |
| Limited Arbitral Award Coverage | 5.30% | - | (8.99)% | - | (3.69)% |

The subsidy rates presented above are consistent with the estimated subsidy rates published in the Federal Credit Supplement to the Budget of the U.S. Government except for differences due to rounding. The published budget formulation subsidy rates are notional, for illustrative purposes only, as DFC estimates subsidy on a loan-by-loan basis at the time of obligation. These rates cannot be applied to the direct loans and loan guaranties disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from the disbursements of loans obligated in the current and prior fiscal years. Subsidy expense reported in the current year also includes the cost of modifications and subsidy reestimates.

## L. ADMINISTRATIVE EXPENSES

DFC incurs administrative expenses to carry out its credit reform programs. This amount is determined by annual appropriation legislation. The administrative expense for direct loan and loan guaranties is $142,646 thousand and $108,597 thousand for the period ended September 30, 2023, and 2022, respectively.

## M. LOANS RECEIVABLE

Loans Receivable, Net, reported on the Consolidated Balance Sheet for all direct loans and defaulted guaranteed loans receivable include the activity in the following table. In FY2022, DFC presented $187,759 thousand for subsidy allowance amortization. In FY2023, subsidy allowance amortization is broken out between interest received ($395,686 thousand), interest earned on uninvested funds ($77,197 thousand), interest expense ($215,476 thousand), and other increase/decrease to subsidy allowance ($72,205 thousand).

| *(dollars in thousands)*<br>**As of September 30,** | **2023** | **2022** |
|---|---|---|
| Beginning Balance of the Loans Receivable, Net | $ 7,523,771 | $ 6,730,788 |
| Add: Loan Disbursements | 2,432,096 | 1,953,927 |
| Less: Principal Payments Received | (894,295) | (1,109,368) |
| Less: Interest Received | (395,686) | - |
| Add: Loan Guaranty Claim Payments Converted to Loans Receivable | 494,623 | 723,683 |
| Add: Interest Accruals | 58,330 | 61,576 |
| Less: Fees Accrued | (4,968) | (5,090) |
| Add: Capitalized Fees to Loan Principal | 35,391 | 20,966 |
| Less: Interest Revenue on Uninvested Funds | (77,197) | - |
| Add: Interest Expense on Entity Borrowings | 215,476 | - |
| Less: Subsidy Expense | (17,963) | (14,784) |
| Add: Negative Subsidy Payments | 198,172 | 127,374 |
| Less: Upward Reestimates | (233,163) | (269,220) |
| Add: Downward Reestimates | 373,872 | 196,334 |
| Less: Subsidy Allowance Amortization | - | (187,759) |
| Other Increase/Decrease to Subsidy Allowance | 72,205 | - |
| Loan Modifications | 1,011 | (637) |
| Allowance for Loan and Interest Loss Adjustments | 460,387 | (704,019) |
| **Ending Balance of Loans Receivable, Net** | **$ 10,242,062** | **$ 7,523,771** |

# Note 6: General Property, Plant, and Equipment, Net

DFC's general property, plant, and equipment consist of the following:

| *(dollars in thousands)*<br>**As of September 30, 2023** | **Acquisition Cost** | **Accumulated Depreciation** | **Net Book Value** |
|---|---|---|---|
| Equipment | $ 3,925 | $ (3,904) | $ 21 |
| Internal-Use Software | 9,584 | (9,584) | - |
| **Total Property, Plant, and Equipment, Net** | **$ 13,509** | **$ (13,488)** | **$ 21** |

| *(dollars in thousands)*<br>**As of September 30, 2022** | **Acquisition Cost** | **Accumulated Depreciation** | **Net Book Value** |
|---|---|---|---|
| Equipment | $ 3,925 | $ (3,770) | $ 155 |
| Internal-Use Software | 9,584 | (9,584) | - |
| **Total Property, Plant, and Equipment, Net** | **$ 13,509** | **$ (13,354)** | **$ 155** |

Roll forward of General Property, Plant, and Equipment, Net

| *(dollars in thousands)* | **Acquisition Cost** | **Accumulated Depreciation** | **Net Book Value** |
|---|---|---|---|
| Balance as of October 1, 2022 | $ 13,509 | $ (13,354) | $ 155 |
| Depreciation Expense | - | (134) | (134) |
| **Balance as of September 30, 2023** | **$ 13,509** | **$ (13,488)** | **$ 21** |

| *(dollars in thousands)* | **Acquisition Cost** | **Accumulated Depreciation** | **Net Book Value** |
|---|---|---|---|
| Balance as of October 1, 2021 | $ 13,509 | $ (13,198) | $ 311 |
| Depreciation Expense | - | (156) | (156) |
| **Balance as of September 30, 2022** | **$ 13,509** | **$ (13,354)** | **$ 155** |

## Note 7: Advances and Prepayments

DFC's advances and prepayments consist of the following:

*(dollars in thousands)*

| **As of September 30,** | **2023** | **2022** |
|---|---|---|
| Advances for Claim Payments | $ 183 | $ 1,247 |
| **Total Advances and Prepayments** | **$ 183** | **$ 1,247** |

DFC's advances are related to the Legacy Loan Guaranty programs. The amounts represent advances that DFC has paid to the bank that processes the claims for the Legacy Loan Guaranties. Because claims need to be paid timely, estimates for claims are requested from DFC by the bank, in advance of the claim payment. When a claim payment request is received from the bank, DFC pays the request and records the advance. When the bank pays the claims and provides the claim payment information to DFC, DFC reduces the advance and recognizes the decrease to the loan guaranty liability.

## Note 8: Liabilities Covered and Not Covered by Budgetary Resources

*(dollars in thousands)*

| **As of September 30,** | **2023** | **2022** |
|---|---|---|
| Intragovernmental | | |
| Unfunded FECA Liability | $ 27 | $ 144 |
| Total Intragovernmental | 27 | 144 |
| With the Public | | |
| Federal Employee Benefits Payable | 7,221 | 6,149 |
| Insurance and Guaranty Program Liabilities | 192 | 43,685 |
| Other | 131 | - |
| Total With the Public | 7,544 | 49,834 |
| Total Liabilities Not Covered by Budgetary Resources | 7,571 | 49,978 |
| Total Liabilities Covered by Budgetary Resources | 11,796,325 | 9,369,303 |
| Total Liabilities Not Requiring Budgetary Resources | 156,782 | 157,581 |
| **Total Liabilities** | **$ 11,960,678** | **$ 9,576,862** |

Budgetary resources encompass not only new budget authority but also other resources available to cover liabilities for specified purposes in a given year. Liabilities are considered covered by budgetary resources if they are to be funded by permanent indefinite appropriations, which have been enacted and signed into law and are available for use as of the Balance Sheet date, provided that the resources may be apportioned by OMB without further action by Congress and without a contingency having to be met first. DFC's liabilities covered by budgetary resources primarily consist of borrowings payable to the Treasury, loan guaranty liabilities, and downward reestimates payable to the Treasury. Liabilities not covered by budgetary resources require future congressional action whereas liabilities covered by budgetary resources reflect prior congressional action. Regardless of when the congressional action occurs, when the liabilities are liquidated, the Treasury will finance the liquidation in the same way that the Treasury finances all other disbursements, which is to borrow from the public if the Government has a budget deficit, and to use current receipts if the Government has a budget surplus. DFC's liabilities not covered by budgetary resources primarily consist of accrued unfunded annual leave in FY2023. In FY2022, DFC's liabilities not covered by budgetary resources consisted of insurance claims payable and accrued unfunded annual leave. DFC had liabilities for insurance in FY2022 primarily due to the wartime activities in Ukraine impacting insured energy projects, which were paid in FY2023.

Liabilities not requiring budgetary resources consist mostly of unearned revenues that will be earned by providing services by the passage of time.

## Note 9: Debt

In FY2023 and 2022, DFC increased borrowings to finance the increased direct loans portfolio. DFC's debt consists of:

*(dollars in thousands)*

**As of September 30,**

| Source of Debt | 2022 Beginning Balance | 2022 Net Borrowing | 2022 Ending Balance | 2023 Net Borrowing | 2023 Ending Balance |
|---|---|---|---|---|---|
| Debt Owed to the Treasury Other Than Federal Financing Bank | $ 7,723,761 | $ 1,241,210 | $ 8,964,971 | $ 1,532,609 | $ 10,497,580 |
| Total Debt | **$ 7,723,761** | **$ 1,241,210** | **$ 8,964,971** | **$ 1,532,609** | **$ 10,497,580** |

## Note 10: Advances from Others and Deferred Revenue

DFC's advances from others and deferred revenue consists of:

*(dollars in thousands)*

| **As of September 30,** | **2023** | **2022** |
|---|---|---|
| Intragovernmental Advances from Others and Deferred Revenue | | |
| Advances from Other Federal Agencies | $ 1,267 | $ 3,561 |
| Total Intragovernmental Advances from Others and Deferred Revenue | 1,267 | 3,561 |
| | | |
| With the Public Advances from Others and Deferred Revenue | | |
| Finance Retainer Fees and Deferred Facility Fees | 126,153 | 127,320 |
| Rent Incentives | 18,371 | 14,194 |
| Total With the Public Advances from Others and Deferred Revenue | 144,524 | 141,514 |
| **Total Advances from Others and Deferred Revenue** | **$ 145,791** | **$ 145,075** |

## Note 11: Non-entity Reporting

Non-entity assets are assets held by DFC but not available to be used by DFC. These are funds that DFC will transfer to the Treasury general fund receipt accounts for downward reestimates, and negative subsidy amounts for DFC's direct loans and loan guaranties made under the FCRA, as well as excess funds related to direct loan and loan guaranties made prior to FY1992. During the year, DFC transfers funds to the Treasury's general fund receipt accounts, and at year-end the Treasury sweeps the funds, reducing the balance of FBwT in the general fund receipts accounts to zero. At year-end, DFC accrues current-year reestimates. Direct loans and loan guaranties made after FY1991 that are covered under the FCRA are reestimated each year. The loans and loan guaranties where the reestimates indicate that the amount of subsidy needed will be less than the prior year, or where the present value of the cash flows is positive, are downward reestimates, requiring funds to be transferred to the Treasury. DFC cannot transfer these funds until it receives authority from OMB, which will occur in the succeeding fiscal year. When recording downward reestimate accruals, DFC records a payable to the Treasury general fund receipt account for the downward reestimates payable from its financing funds. DFC also records an accounts receivable in the general fund receipt account for the receivable from DFC's financing funds. For consolidated financial statements presentation, DFC eliminates the payables to the non-entity fund and the non-entity Treasury general fund receipt accounts receivable from the DFC entity funds, leaving a payable to the General Fund of the U.S. Government for the downward reestimates. The downward reestimates payable is a current liability to be paid in the subsequent fiscal year. The table below shows the balance of the entity and non-entity assets and liabilities for the downward reestimates accrued as of September 30, 2023, and 2022.

| *(dollars in thousands)* **As of September 30,** | | 2023 | | 2022 |
|---|---|---|---|---|
| **Entity** | | | | |
| Intragovernmental Liabilities | | | | |
| Financing Funds Payable to the General Fund Receipt Account | $ | (580,530) | $ | (392,542) |
| | | | | |
| **Non-Entity** | | | | |
| Intragovernmental Assets | | | | |
| General Fund Receipt Accounts Receivable | | 580,530 | | 392,542 |
| Intragovernmental Liabilities | | | | |
| Liability to the General Fund of the U.S. Government for Other Non-Entity Assets — Downward Reestimate Payable to the Treasury | | (580,530) | | (392,542) |
| **Liability to the General Fund of the U.S. Government for Other Non-Entity Assets** | **$** | **(580,530)** | **$** | **(392,542)** |

## Note 12: Other Liabilities

DFC's other liabilities consists of the following current liabilities:

| *(dollars in thousands)* **As of September 30,** | | 2023 | | 2022 |
|---|---|---|---|---|
| Intragovernmental: | | | | |
| Other Liabilities | | | | |
| Employer Contributions and Payroll Taxes Payable | $ | 363 | | 287 |
| Unfunded FECA Liability | | 27 | | 144 |
| Total Intragovernmental | | 390 | | 431 |
| With the Public: | | | | |
| Accrued Funded Payroll and Benefits | | 5,248 | | 4,359 |
| Other | | 131 | | - |
| Total With the Public | | 5,379 | | 4,359 |
| **Total Other Liabilities** | **$** | **5,769** | **$** | **4,790** |

## Note 13: Accounts Payable

DFC's accounts payable consist of other payables with the public for services as of September 30, 2023. In FY2022, accounts payable consisted of a direct loan disbursement in transit and other payables with the public for services.

| *(dollars in thousands)* **As of September 30,** | | 2023 | | 2022 |
|---|---|---|---|---|
| Disbursements in Transit | $ | - | $ | 6,771 |
| Other | | 2,389 | | 274 |
| **Total Accounts Payable** | **$** | **2,389** | **$** | **7,045** |

## Note 14: Federal Employee Benefits Payable

Federal employee benefits payable consists of:

*(dollars in thousands)*

| **As of September 30,** | | **2023** | | **2022** |
|---|---|---|---|---|
| Accrued Unfunded Annual Leave | $ | 7,221 | $ | 6,149 |
| Employer Contributions and Payroll Taxes Payable | | 123 | | 98 |
| **Total Federal Employee Benefits Payable** | **$** | **7,344** | **$** | **6,247** |

## Note 15: Insurance and Guaranty Program Liabilities

DFC provides political risk insurance for overseas investments against any or all political risks such as currency inconvertibility and transfer restrictions, expropriation, war, terrorism, civil disturbance, breach of contract, or non-honoring of financial obligations. The initial term is typically 3 to 20 years. Policies are generally renewable yearly at the option of the insured. Insurance premiums received are amortized over the coverage period. Insurance coverage includes:

1. Insurance coverage against inconvertibility protects the investor from increased restrictions on the investor's ability to convert local currency into U.S. dollars. Inconvertibility insurance does not protect against devaluation of a country's currency.

2. Expropriation coverage provides compensation for losses due to confiscation, nationalization, or other governmental actions that deprive investors of their fundamental rights in the investment.

3. Guaranties issued on behalf of a U.S. exporter of goods or services, or a U.S. contractor in favor of a foreign government buyer can be covered against the risk of a wrongful calling. The guaranties usually are in the form of irrevocable, on-demand, standby letters of credit. A wrongful calling is one that is not justified by the terms of the underlying contract, or the invitation for bids.

4. Insurance against political violence insures investors against losses caused by politically motivated acts of violence (war, revolution, insurrection, or civil strife, including terrorism and sabotage).

5. Reinsurance can increase underwriting capacity and support development in countries where investors have difficulty obtaining political risk insurance. DFC can reinsure licensed U.S. and international insurance companies.

6. DFC political risk insurance supports U.S. capital market financing structures that catalyze private capital in emerging markets.

In general, pricing is determined based on the individual coverage issues and the unique risk profile of the investment project. DFC's cost of the insurance program is $16,086 thousand and $54,989 thousand for the fiscal years ended September 30, 2023, and 2022, respectively. DFC collected $13,841 thousand and $21,901 thousand in insurance premiums for the fiscal years ended September 30, 2023, and 2022, respectively. DFC's insurance program is self-funded, uses no appropriated funds in the administration of the program, and did not borrow any funds from the Treasury for the fiscal years ended September 30, 2023, and 2022.

DFC is able to invest proceeds from its insurance program in Treasury non-marketable, market-based securities. See Note 1 for additional information.

Under most DFC insurance contracts, investors may obtain all coverages, but claim payments may not exceed the single-highest coverage amount. Claim payments are limited by the value of the investment and the amount of current coverage in force at the time of the loss and may be reduced by the insured's recoveries from other sources. In certain instances, DFC's requirement to pay up to the single-highest coverage amount may be reduced by stop-loss and risk-sharing agreements. Finally, losses on insurance claims may be reduced by recoveries by DFC as subrogee of the insured's claim against the host government or payments from reinsurance policies obtained by DFC from commercial entities. Payments made under insurance contracts that result in recoverable assets are included in Accounts Receivable, net of an allowance for uncollectible amounts.

| *(dollars in thousands)*<br>**As of September 30,** | | **2023** | | **2022** |
|---|---|---|---|---|
| Unearned Insurance Premiums | $ | 10,991 | $ | 12,507 |
| Unpaid Insurance Claims | | 192 | | 43,685 |
| **Total Insurance Program Liabilities** | **$** | **11,183** | **$** | **56,192** |

DFC has unpaid insurance claims that are recorded as unfunded liabilities. DFC's liability for unpaid insurance claims and activity for FY2023 and 2022 consists of:

| *(dollars in thousands)* | | **2023** | | **2022** |
|---|---|---|---|---|
| Unpaid Insurance Claims as of October 1 | $ | 43,685 | $ | 133 |
| Claims Expense | | 5,793 | | 43,837 |
| Less: Claims Paid | | (49,032) | | (285) |
| Less: Claims Withdrawn | | (254) | | - |
| **Unpaid Insurance Claims as of September 30** | **$** | **192** | **$** | **43,685** |

The increase in claims paid in FY2023 is primarily related to a claim for political violence in the Ukraine due to the current war in Ukraine. The claim expense in FY2022 for the Ukraine policy included the gross claim amount of $45 million less $4.5 million in estimated recoveries. The amount paid was the full $45 million. In FY2023, the claims paid related to projects started under OPIC. In FY2022, the claims paid were related to contracts started under DFC.

The liability for losses on remaining coverage as of September 30, 2023, and 2022, represents the estimated amounts to be paid to settle claims, including claim adjustment expenses, for the remaining open arrangement period in excess of the sum of both:

1. Related unearned premiums as of the end of the reporting period, and

2. Premiums due after the end of the reporting period that relate to the remaining open arrangement period.

The open arrangement period is the elected coverage period under the insurance policy, since it is the period the insurance is in-force and unexpired. DFC's analysis of estimated losses on remaining coverage incorporated a review of maximum contingent liabilities, current exposure to claims, historic claims, anticipated recoveries, and anticipated premiums. The analysis includes the past 14 years of historic coverages and claims, and assumes historic experience is analogous to current conditions. Anticipated claims were discounted using the 1-year Treasury rates. DFC assumes that recovery payments will begin four years after the claim is paid and the recovery payment period will last two years. DFC is not anticipating recoveries on claims paid prior to 2019. The estimated discounted claims on the portfolio are $159,677 thousand and $68,916 thousand for FY2023 and 2022, respectively. The estimated discounted unearned premiums on the portfolio are $8,169 thousand and $10,634 thousand for FY2023 and 2022, respectively, and the estimated discounted recoveries are $105,311 thousand and $61,882 thousand for FY2023 and 2022, respectively. As of September 30, 2023, and 2022, DFC had no liability for losses on remaining coverage.

In addition to requiring formal applications for claimed compensation, DFC's contracts generally require investors to notify DFC promptly of host government action that the investor has reason to believe is or may become a claim. Compliance with this notice provision sometimes results in the filing of notices of events that do not mature into claims.

DFC's current exposure for all policies in-force for the elected coverage periods, or Current Exposure to Claims as of September 30, 2023, was $3.6 billion, of which $1.0 billion is shared by third parties as a result of reinsurance arrangements. The current exposure to claims as of September 30, 2022, was $3.5 billion, of which $415 million was shared by third parties as a result of reinsurance arrangements.

# Note 16: Leases

## OPERATING LEASES

DFC leases commercial facilities under a multi-year operating lease agreement, as amended, which expires in February 2035. Under the terms of the lease, DFC receives a tenant improvement allowance for space refurbishment as well as other incentives. The value of these incentives is deferred in the Consolidated Balance Sheets and is amortized to recognize rent expense on a straight-line basis over the life of the lease. Rental expense was approximately $14.3 million and $8.3 million for the fiscal years ended September 30, 2023, and 2022, respectively. The following table presents future non-cancelable rental payments.

| *(dollars in thousands)*<br>**For the Years Ending September 30:** | **Non-Federal Lease Payments** |
|---|---|
| 2024 | $ 10,726 |
| 2025 | 11,540 |
| 2026 | 16,260 |
| 2027 | 18,497 |
| 2028 | 18,959 |
| After 2028 | 125,963 |
| **Total Future Lease Payments** | **$ 201,945** |

# Note 17: Budgetary Resources

## A. NET ADJUSTMENTS TO UNOBLIGATED BALANCE, BROUGHT FORWARD

| *(dollars in thousands)*<br>**For the Periods Ended September 30,** | **2023** | | **2022** | |
|---|---|---|---|---|
| | **Budgetary** | **Non-Budgetary Credit Reform Financing Accounts** | **Budgetary** | **Non-Budgetary Credit Reform Financing Accounts** |
| Unobligated Balance, Prior Year | $ 6,469,761 | $ 1,297,219 | $ 6,521,648 | $ 1,316,876 |
| Borrowing Authority Withdrawn | - | (223,273) | - | (644,589) |
| Repayments of Borrowings to the Treasury | - | (648,696) | - | (505,860) |
| Capital Transfers to the General Fund of the Treasury | (6,882) | - | (8,077) | - |
| Recoveries of Prior-Year Obligations | 11,423 | 224,263 | 24,351 | 649,653 |
| Transfers in of Prior-Year Authority | 12,388 | - | 9,322 | - |
| Canceled Authority | (349) | - | - | - |
| **Unobligated Balance from Prior-Year Budget Authority, Net** | **$ 6,486,341** | **$ 649,513** | **$ 6,547,244** | **$ 816,080** |

Differences between the Unobligated Balance, end of year, and the Unobligated Balance from Prior-Year Budget Authority, as presented on the FY2023 Combined Statement of Budgetary Resources, are primarily due to the following:

- Recoveries of Prior-Year Obligations: These include reductions of obligations made in previous years, mostly in the direct loan program.
- Borrowing Authority Withdrawn: At the end of each year, borrowing authority from the prior year is withdrawn, and new borrowing authority is received at the beginning of the next year.
- Repayments of Borrowings to the Treasury: DFC repays borrowings from the Treasury for its direct loan and loan guaranty programs, reducing budget authority.
- Capital Transfers to the General Fund of the Treasury: The excess funds held by liquidating funds for direct loan and loan guaranty programs made before FY1992 are transferred to the Treasury each year, reducing the budget authority.
- Transfers-in of Prior-Year Authority: DFC received funds from USAID transferred-in to support direct loans and loan guaranties initially made in prior years.
- Canceled Authority is authority that is no longer available to DFC.

## B. PERMANENT INDEFINITE APPROPRIATIONS

The FCRA authorizes permanent, indefinite appropriations from the Treasury, as appropriate, to carry out all obligations resulting from the financing program. Permanent indefinite authority is available to fund any reestimated increase of subsidy costs that occurs after the year in which a loan is disbursed. Reestimated reductions of subsidy costs are returned to the Treasury and are unavailable to DFC.

The BUILD Act established a fund which shall be available for discharge of liabilities under insurance or reinsurance or under similar predecessor authority. All valid claims arising from insurance issued by DFC constitute obligations on which the full faith and credit of the United States is pledged for full payment. DFC is authorized by statute to borrow from the Treasury should funds in DFC's reserves be insufficient to discharge obligations arising under its insurance program.

## C. ANNUAL APPROPRIATIONS

DFC receives an annual appropriation for operations and programs. DFC's offsetting collections derived from investment earnings, non-insurance fees, and negative subsidy are to be used to reduce DFC's annual appropriation.

## D. BORROWING AUTHORITY

DFC is required to borrow from the Treasury's Bureau of the Fiscal Service to fund the unsubsidized portion of direct loan disbursements. DFC is authorized to borrow funds to disburse negative subsidy or pay claims exceeding the amount of subsidy and collections maintained in the financing funds. As of September 30, 2023, and 2022, DFC had $9,705 million and $8,545 million, respectively, in borrowing authority carried over to fund direct loans and pay future claims.

## E. USE OF UNOBLIGATED BALANCES

Unobligated balances on the Combined Statements of Budgetary Resources include both expired and unexpired authority. Unexpired authority includes both apportioned and unapportioned funds. DFC's administrative spending authority is available for five additional fiscal years after the year of expiration for recording and adjusting previously recorded obligations but cannot be used to fund new obligations. As specified in DFC's annual appropriation, DFC's equity authority is available for the term of the underlying equity investment, and DFC's disbursement authority for program funds supporting the credit programs is available for eight additional fiscal years after the year of expiration. Under DFC's appropriation law (Public Law 117-103, Section 7011), funds that were originally obligated during the period of availability, and de-obligated in a subsequent fiscal year, are available for obligation for an additional four years. Funds remaining after the period of availability become canceled authority and are returned to the Treasury.

## F. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Undelivered Orders include loan and related subsidy obligations that have been issued but not disbursed and obligations for goods and services ordered that have not been received.

*(dollars in thousands)*

| As of September 30, 2023 | Intragovernmental | With the Public | Total |
|---|---|---|---|
| Unpaid | $ 1,082,155 | $ 10,390,842 | $ 11,472,997 |
| Paid | - | 183 | 183 |
| **Total Obligations** | **$ 1,082,155** | **$ 10,391,025** | **$ 11,473,180** |

*(dollars in thousands)*

| As of September 30, 2022 | Intragovernmental | With the Public | Total |
|---|---|---|---|
| Unpaid | $ 797,106 | $ 7,189,338 | $ 7,986,444 |
| Paid | - | 1,247 | 1,247 |
| **Total Obligations** | **$ 797,106** | **$ 7,190,585** | **$ 7,987,691** |

## G. EXPLANATION OF DIFFERENCES BETWEEN THE COMBINED STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT

*(dollars in millions)*

| For the Year Ended September 30, 2022 | Budgetary Resources | New Obligations and Upward Adjustments | Distributed Offsetting Receipts | Net Outlays |
|---|---|---|---|---|
| Combined Statement of Budgetary Resources | $ 15,215 | $ 7,448 | $ (426) | $ 1,605 |
| Expired Funds Not Reported in 2023 President's Budget | (32) | - | - | - |
| Variances as a Result of OPIC Funds Transferred to DFC | - | - | - | (2) |
| Differences from OMB Distributed Offsetting Receipts Report | | | 11 | - |
| **Budget of the U.S. Government** | **$ 15,183** | **$ 7,448** | **$ (415)** | **$ 1,603** |

Agencies are required to explain material differences between their Combined Statement of Budgetary Resources (SBR) and the Budget of the U.S. Government. This disclosure reconciles the prior year's SBR to the actual balances per the upcoming year's budget.

For example, DFC's FY2023 SBR will be reconciled to the actual balances per the 2025 Budget of the U.S. Government that will be released in FY2024. The Budget with the actual amounts for this current year will be available later at www.whitehouse.gov/omb/budget.

Balances reported in the FY2022 Combined SBR and the related President's Budget are shown in the table above for Budgetary Resources, Obligations, Distributed Offsetting Receipts, Net Outlays, and any related differences. The differences reported are due to differing reporting requirements for expired and unexpired appropriations between the Treasury guidance used to prepare the SBR and the OMB guidance used to prepare the President's Budget. The SBR includes both unexpired and expired appropriations, while the President's Budget discloses only unexpired budgetary resources that are available for new obligations. Differences in Distributed Offsetting Receipts include differences in funds that OMB uses to calculate the amount on a quarterly report. OMB includes clearing accounts and does not include negative subsidy amounts. Other minor differences are the result of rounding variances.

## H. DISTRIBUTED OFFSETTING RECEIPTS

Distributed Offsetting Receipts are amounts transferred to the Treasury and credited to a General Fund Receipt Account that offset DFC budget outlays. Agency outlays are measured on both a gross and net basis, with net outlays being reduced by offsetting receipts. DFC's Distributed Offsetting Receipts consist of negative subsidies from the direct loan and loan guaranty programs and downward reestimates from the prior fiscal year, both of which are transferred to the Treasury General Fund Receipt Accounts. The Treasury publishes a report each month of each agencies' Distributed Offsetting Receipts (www.fiscal.treasury.gov/reports-statements/mts/quarterly.html). The report excludes DFC's negative subsidies for direct and loan guaranty programs, which have been reported on the SBR.

# Note 18: Reconciliation of Net Cost of Operations to Net Outlays

The Net Cost to Net Outlays Reconciliation schedule reconciles the Net Cost (reported in the Consolidated Statements of Net Cost) to the Net Outlays (reported in the Combined SBR). The reconciliation clarifies the relationship between budgetary and proprietary accounting information. Reconciliation items included: (1) transactions that did not result in an outlay but did result in a cost and (2) unpaid expenses included in the net cost in this reporting period but not yet included in outlays. Components of net cost that are not part of net outlays are most commonly (1) the result of allocating assets to expenses over more than one reporting period (e.g., depreciation); (2) the temporary timing differences between outlays/receipts and the operating expense/revenue during the period; and (3) cost financed by other Federal entities (imputed inter-entity cost). The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays. In accordance with A-136 guidance, the presentation of the Reconciliation of Net Cost of Operations to Net Outlays excludes financing funds activity for programs subject to the FCRA. Line items presented below, such as the net cost as well as the increases and decreases in assets and liabilities, do not include financing funds and cannot be compared to the Consolidated Statements of Net Cost and the Consolidated Balance Sheets. Loans Receivable, Net and Loan Guaranty Liability activity is reported below for the liquidating funds for direct loans and loan guaranties made prior to FY1992.

In FY2023 and 2022, the key reconciling differences between the net cost and net outlays for DFC included: (1) the accrual of the reestimates in the program funds. The accruals impact the current-year net cost but have an impact on the net outlays in the succeeding year; (2) collections of pre-1992 loans receivable that are recorded as offsets to net outlays but have no impact on the net cost; (3) and a decrease in the prior-year subsidy payable from the DFC credit program funds to the DFC financing funds. The subsidy was recorded as a payable in the prior year and paid in the current year, which impacts the net outlays, but has no current-year impact on the net cost; (4) acquisition of investments, which are investments in non-intragovernmental projects that are recorded on the balance sheet. The investments impact net outlays but have no impact on the net cost; (5) transfers-in without reimbursement represent DFC transfers of funds into the operating funds that do not have an impact on the net cost of operations, but are included in net outlays; and (6) distributed offsetting receipts, which are funds that DFC has sent to the General Fund of the Treasury for its credit programs under the FCRA. These amounts reduce the net outlays on the Combined SBR but have no impact on the net cost to DFC.

*(dollars in thousands)*

| For the Period Ended September 30, 2023 | Intragovernmental | With the Public | Total |
|---|---|---|---|
| **Net Cost** | **$ (117,745)** | **$ 79,532** | **$ (38,213)** |
| | | | |
| **Components of Net Cost That Are Not Part of Net Outlays:** | | | |
| Property and Equipment Depreciation | - | (134) | (134) |
| Year-end Credit Reform Subsidy Accrual Reestimates | 102,589 | - | 102,589 |
| Net Gains/(Losses) on Investments | - | (9,069) | (9,069) |
| Increase/(Decrease) in Assets: | | | |
| Accounts Receivable, Net | 140 | 803 | 943 |
| Loans Receivable, Net | - | (39,941) | (39,941) |
| Investments, Net | 1,922 | - | 1,922 |
| Advances and Prepayments | - | (417) | (417) |
| (Increase)/Decrease in Liabilities: | | | |
| Accounts Payable | - | (2,115) | (2,115) |
| Subsidy Payable to the Financing Account | 613,753 | - | 613,753 |
| Federal Employee Benefits Payable | - | (1,073) | (1,073) |
| Insurance and Guaranty Program Liabilities | - | 45,008 | 45,008 |
| Advances from Others and Deferred Revenue | 2,295 | 1,734 | 4,029 |
| Other Liabilities | 17 | (888) | (871) |
| Other Financing Sources: | | | |
| Imputed Costs | (6,189) | - | (6,189) |
| **Total Components of Net Cost That Are Not Part of Net Outlays** | **714,527** | **(6,092)** | **708,435** |
| | | | |
| **Components of Net Outlays That Are Not Part of Net Cost:** | | | |
| Acquisition of Investments | - | 146,839 | 146,839 |
| Return of Investments | - | (780) | (780) |
| Effect of Prior-Year Credit Reform Subsidy Reestimates | (8) | - | (8) |
| **Total Components of Net Outlays That Are Not Part of Net Cost** | **(8)** | **146,059** | **146,051** |
| **Financing Sources:** | | | |
| Transfers-in Without Reimbursement | (225,600) | - | (225,600) |
| **Total Financing Sources** | **(225,600)** | **-** | **(225,600)** |
| **Miscellaneous Items:** | | | |
| Distributed Offsetting Receipts | (398,962) | - | (398,962) |
| **Total Miscellaneous Items** | **(398,962)** | **-** | **(398,962)** |
| **Net Outlays** | **$ (27,788)** | **$ 219,499** | **$ 191,711** |
| | | | |
| **Agency Outlays, Net** | | | **$ 191,711** |

*(dollars in thousands)*

| For the Period Ended September 30, 2022 | Intragovernmental | With the Public | Total |
|---|---|---|---|
| **Net Cost** | **$ (115,898)** | **$ 334,924** | **$ 219,026** |
| | | | |
| **Components of Net Cost That Are Not Part of Net Outlays:** | | | |
| Property and Equipment Depreciation | - | (156) | (156) |
| Year-end Credit Reform Subsidy Accrual Reestimates | (221,211) | - | (221,211) |
| Net Gains/(Losses) on Investments | - | 6,723 | 6,723 |
| Increase/(Decrease) in Assets: | | | |
| Accounts Receivable, Net | - | 1,422 | 1,422 |
| Loans Receivable, Net | - | (5,828) | (5,828) |
| Investments, Net | 1,529 | - | 1,529 |
| Advances and Prepayments | - | (822) | (822) |
| Negative Loan Guaranty Liability | - | (4,681) | (4,681) |
| (Increase)/Decrease in Liabilities: | | | |
| Accounts Payable | - | (273) | (273) |
| Subsidy Payable to the Financing Account | 581,968 | - | 581,968 |
| Federal Employee Benefits Payable | - | 1,239 | 1,239 |
| Insurance and Guaranty Program Liabilities | - | (42,465) | (42,465) |
| Advances from Others and Deferred Revenue | 1,492 | (1,170) | 322 |
| Other Liabilities | 593 | 1,704 | 2,297 |
| Other Financing Sources: | | | |
| Imputed Costs | (3,520) | - | (3,520) |
| **Total Components of Net Cost That Are Not Part of Net Outlays** | **360,851** | **(44,307)** | **316,544** |
| | | | |
| **Components of Net Outlays That Are Not Part of Net Cost:** | | | |
| Acquisition of Investments | - | 78,172 | 78,172 |
| Return of Investments | - | (5,276) | (5,276) |
| **Total Components of Net Outlays That Are Not Part of Net Cost** | **-** | **72,896** | **72,896** |
| **Financing Sources** | | | |
| Transfers-in Without Reimbursement | (198,340) | - | (198,340) |
| **Total Financing Sources** | **(198,340)** | **-** | **(198,340)** |
| **Miscellaneous Items** | | | |
| Distributed Offsetting Receipts | (426,222) | | (426,222) |
| **Total Miscellaneous Items** | **(426,222)** | **-** | **(426,222)** |
| **Net Outlays** | **$ (379,609)** | **$ 363,513** | **$ (16,096)** |
| | | | |
| **Agency Outlays, Net** | | | **$ (16,096)** |

# Note 19: Reclassification of Financial Statement Line Items for Financial Report Compilation Process

To prepare the Financial Report of the U.S. Government (Financial Report), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. The Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. The Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the Financial Report statements. This note shows DFC's financial statements and DFC's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated Financial Report line items. A copy of the 2022 Financial Report (FR) can be found here: www.fiscal.treasury.gov/reports-statements and a copy of the 2023 FR will be posted to this site as soon as it is released.

The term "intragovernmental" is used in this note to refer to amounts that result from other components of the Federal Government.

The term "non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments. Amounts shown in the DFC Statement of Net Cost column are totals from the FY2023 Consolidated Statement of Net Cost by program. Unrealized gains and losses are reported as a net number on the FY2023 Consolidated Statement of Net Cost.

| **FY2023 DFC Statement of Net Cost** | | **Line Items Used to Prepare FY2023 Government-wide Statement of Net Cost** | |
|---|---|---|---|
| **Financial Statement Line** | **Amounts** *(dollars in thousands)* | **Other Than Dedicated Collections** *(dollars in thousands)* | **Reclassified Financial Statement Line** |
| **Gross Costs** | | | **Non-Federal Costs** |
| Operating Costs | $ 538,674 | $ (29,551) | Non-Federal Gross Costs |
| Subsidy Costs | (195,307) | **(29,551)** | **Total Non-Federal Costs** |
| Reestimates | (102,589) | | |
| Unrealized Losses | 12,650 | | |
| | | | **Intragovernmental Costs** |
| | | 17,370 | Benefit Program Costs |
| | | 6,189 | Imputed Costs |
| | | 4,627 | Buy/Sell Costs |
| | | 254,793 | Borrowing and Other Interest Expense |
| | | **282,979** | **Total Intragovernmental Costs** |
| **Total Gross Costs** | **253,428** | **253,428** | **Total Reclassified Gross Costs** |
| | | | |
| Earned Revenue | (571,607) | (339,781) | **Non-Federal Earned Revenue** |
| Investment Revenue | (9,134) | | **Intragovernmental Revenue** |
| Unrealized Gains | (13,581) | (7,490) | Buy/Sell Revenue |
| | | (138,442) | Federal Securities Interest Revenue Including Associated Gains/ Losses (Exchange) |
| | | (108,609) | Borrowing and Other Interest Revenue |
| | | **(254,541)** | **Total Intragovernmental Earned Revenue** |
| **Total Earned Revenue** | **(594,322)** | **(594,322)** | **Total Reclassified Earned Revenue** |
| **Net Cost** | **$ (340,894)** | **$ (340,894)** | **Net Cost** |

| FY2023 DFC Statement of Changes in Net Position | | Line Items Used to Prepare FY2023 Government-wide Statement of Changes in Net Position | |
|---|---|---|---|
| **Financial Statement Line** | **Amounts** *(dollars in thousands)* | **Other Than Dedicated Collections** *(dollars in thousands)* | **Reclassified Financial Statement Line** |
| **Unexpended Appropriations** | | | **Unexpended Appropriations** |
| Unexpended Appropriations, Beginning Balance | $ 400,785 | $ 400,785 | Unexpended Appropriations, Beginning Balance |
| | - | (1,011) | Total Reclassified Corrections of Errors |
| Appropriations Received | 1,236,707 | 1,236,707 | Appropriations Received |
| Appropriations Transferred In/Out | 12,388 | 12,388 | Appropriations Transferred In/Out |
| Appropriations Used | (974,137) | (974,137) | Appropriations Used |
| Other Adjustments | (1,361) | (350) | Adjustment of Appropriation Received |
| **Total Unexpended Appropriations** | **674,382** | **674,382** | **Total Unexpended Appropriations** |
| **Cumulative Results of Operations** | | | **Cumulative Results of Operations** |
| Cumulative Results, Beginning Balance | 6,772,638 | 6,772,638 | Cumulative Results, Beginning Balance |
| | - | 1,011 | Total Reclassified Corrections of Errors |
| Appropriations Used | 974,137 | 974,137 | Appropriations Used |
| Imputed Financing Sources | 6,189 | 6,189 | Imputed Financing Sources |
| Offset to Non-entity Collections | (728,286) | (728,286) | Offset to Non-entity Collections |
| Other | 21,889 | 20,878 | Other |
| Net Cost of Operations | 340,894 | 340,894 | Net Cost of Operations |
| **Cumulative Results of Operations** | **7,387,461** | **7,387,461** | **Cumulative Results of Operations** |
| **Total Net Position** | **$ 8,061,843** | **$ 8,061,843** | **Net Position** |

# ACRONYM LISTING

| | |
|---|---|
| **ECA** | Europe and Central Asia |
| **EV** | electric vehicle |
| **GW** | gigawatt/GWh - gigawatt hour |
| **ICT** | Information and communications technology |
| **LP/L.P.** | limited partnership |
| **LPG** | loan portfolio guaranty |
| **LMIC** | low- or middle-income country |
| **MENA** | Middle East and North Africa |
| **MENAT** | Middle East, North Africa, and Türkiye |
| **MFI** | microfinance institution |
| **MIV** | microfinance investment vehicle |
| **MSME** | micro, small, and mid-sized enterprise |
| **MW** | megawatt |
| **NBFC** | nonbank financial company |
| **OPIC** | Overseas Private Investment Corporation |
| **PE** | private equity |
| **PET** | polyethylene terephthalate |
| **Pte** | private |
| **PV** | photovoltaic |
| **Pvt.** | private limited business |
| **SLP** | special limited partnership |
| **VC** | venture capital |
| **WASH** | water, sanitation, and hygiene |

# Data and Transparency

## Outreach to Minority- and Women-Owned Businesses

***22 U.S.C. § 9621(i)(2)(A)(i) the amount of insurance and financing provided by the Corporation to [minority-owned and women-owned] businesses in connection with projects supported by the Corporation;***

DFC is committed to supporting women and other underserved groups, both by partnering directly with these businesses and by supporting transactions that benefit these populations by helping them access financing and other critical services.

## Economic and Social Development Impact

***22 U.S.C. § 9653(a)(1) the economic and social development impact, … of projects supported by the Corporation.***

DFC requires all transactions to adhere to high standards regarding worker rights, human rights, and the environment. Each year, DFC selects projects for onsite monitoring based on their risk profiles to ensure compliance with DFC requirements. When a project is found to not be in full compliance, DFC will work closely with the client to review the issue identified and work to bring the project into compliance.

Based on FY2023 site monitoring of a total of 53 projects, DFC is currently working with 17 projects to develop corrective measures to align with DFC's human rights, environmental, labor, and social policies, or other related policies.

## Complementary and Coordinated Activities

***22 U.S.C. § 9653(a)(2) the extent to which the operations of the Corporation complement or are compatible with the development assistance programs of the United States and qualifying sovereign entities;***

DFC's investment portfolio supports the U.S. Government's policy agenda and complements the private sector engagement activities and development assistance programs of other U.S. Government agencies (USG). DFC is an active participant in USG initiatives such as Prosper Africa, Power Africa, Feed the Future, and the Partnership for Global Infrastructure and Investment (PGI). DFC also maintains close ties with the U.S. Agency for International Development (USAID) and many DFC-supported transactions are executed in collaboration with local USAID missions. In FY2023, the USAID-supported Mission Transaction Unit sourced and supported 28 transactions resulting in commitments of $479.1 million.

## Linkages With U.S. Government

***22 U.S.C. § 9653(a)(3) the Corporation's institutional linkages with other relevant United States Government departments [1] and agencies, including efforts to strengthen such linkages;***

DFC works collaboratively with our interagency partners to find ways to remove barriers to private sector support for policy priorities and development challenges.

On the margins of the inaugural Americas Partnership for Economic Prosperity Leaders' Summit, DFC and IDB Invest launched a platform to expand their cooperation and financing for high-quality critical infrastructure and other strategic economic sectors in Latin America and the Caribbean. Through increased information sharing, coordination, and cooperation, DFC and IDB Invest aim to leverage the platform to expand their partnership and direct billions of additional dollars to support high-standard investments throughout the Western Hemisphere. The platform seeks to connect communities across Latin America with global markets to generate economic opportunity, lift families from poverty, and bolster economic growth.

In cooperation with the U.S. Department of Commerce, DFC approved $300 million in financing for sustainable infrastructure projects in emerging markets that are parties to the Indo-Pacific Economic Framework for Prosperity. For example, DFC support to I Squared Capital, a global infrastructure investment manager, will help mobilize up to $900 million of equity capital to support climate infrastructure projects.

DFC and USAID jointly announced a food security investment goal in 2021 at the 76th U.N. General Assembly. DFC achieved its goal of committing more than $1 billion to strengthen global food security two years ahead of schedule and intends to keep up the pace by investing an additional $1 billion by 2026. These transactions support smallholder farmers and are helping boost food production and mitigate the devastating global effects of food insecurity, especially in the face of Russia's war of aggression in Ukraine, which has compromised grain and fertilizer exports.

DFC currently has over $1 billion in exposure in Ukraine, roughly half of which is political risk insurance, and is actively supporting the country's wartime economy. Since Russia's renewed invasion in February 2022, DFC has committed over $425 million in new transactions, utilizing all of its tools and supporting key sectors like agriculture, healthcare, and small businesses. These investments build on cooperation between DFC, USAID, and the Ministry of Economy through the Advantage Ukraine program.

DFC joined with the U.S. African Development Foundation and USAID to make a $500,000 loan to KeepItCool, an innovative African start-up, providing cold chain services to smallholder fisherfolk and traders in East Africa.

DFC approved a $150 million loan to Twigg Exploration and Mining Limitada to support the company's investments in graphite mining and processing operations in Balama, Mozambique. The loan will increase production and diversify the global supply chain for graphite, which is a critical mineral for transport electrification and the clean energy transition. Graphite produced at the Balama mine will be shipped to a processing facility in Louisiana that received funding from the Department of Energy, demonstrating the potential for DFC to contribute to strategic efforts to increase clean energy investment in the United States.

DFC continues to host the Development Finance Coordination Group, which convenes working-level officials from 16 U.S. Government agencies with an interest in harnessing the power of the private sector to address the world's most critical foreign policy and development challenges. The members meet on a regular basis to identify and discuss ways to strengthen interagency collaboration in this area.

## Environmental and Social Compliance of Supported Projects

***22 U.S.C. § 9653(a)(4) the compliance of projects supported by the Corporation under subchapter II of this chapter with human rights, environmental, labor, and social policies, or other such related policies that govern the Corporation's support for projects, promulgated or otherwise administered by the Corporation.***

DFC requires all transactions to adhere to high standards regarding worker rights, human rights, and the environment. Each year, DFC selects projects for onsite monitoring based on their risk profiles to ensure compliance with DFC requirements. When a project is found to not be in full compliance, DFC will work closely with the client to review the issue identified and work to bring the project into compliance.

Based on FY2023 monitoring, DFC is currently working with 17 projects to develop corrective measures to align with DFC's human rights, environmental, labor, and social policies, or other related policies. Monitoring identified the following corrective actions: Nine of the projects required improvements in human resources management, including occupational health and safety oversight, working conditions, grievance mechanisms, and adequately addressing discrimination concerns; one project required improvement in bulk and hazardous materials storage; two projects required additional management capacity to adequately address their portfolios; one project lacked documentation on informal land occupancy; one project required updated monitoring; one project scope changed, which required additional policy and procedural coverage; and two projects have delayed implementation of key environmental and social plans.

## Developmental Outcomes

***22 U.S.C. § 9653(b)(1)(A) the desired development outcomes for projects and whether or not the Corporation is meeting the associated metrics, goals, and development objectives, including, to the extent practicable, in the years after conclusion of projects;***

***22 U.S.C. § 9653(b)(3) projections of—(A) development outcomes, and whether or not support for projects are meeting the associated performance measures, both during the start-up phase and over the duration of the support, and to the extent practicable, measures of such development outcomes should be on a gender-disaggregated basis, such as changes in employment, access to financial services, enterprise development and growth, and composition of executive boards and senior leadership of enterprises receiving support under subchapter II of this chapter.***

See our 'Impact Results' section on page 7.

## Capital Mobilization

***22 U.S.C. § 9653(b)(1)(B) the effect of the Corporation's support on access to capital and ways in which the Corporation is addressing identifiable market gaps or inefficiencies and what impact, if any, such support has on access to credit for a specific project, country, or sector;***

***22 U.S.C. § 9653(b)(3)(B) the value of private sector assets brought to bear relative to the amount of support provided by the Corporation and the value of any other public sector support;***

Private capital mobilized—calculated in alignment with Organization for Economic Co-operation and Development methodology—for measuring capital mobilized from the private sector, was for FY2023 transactions totaling $6.5 billion, with $1.2 billion in Sub-Saharan Africa, $57.8 million in the Middle East and North Africa, $1.8 billion in the Indo-Pacific,

$1.8 billion in Europe, and $0.5 billion in the Western Hemisphere. The remainder is through transactions with a global footprint.

As part of the transactions DFC supported in FY2023, official lenders contributed $2.6 billion.

## Cooperation With Qualifying Sovereign Entities

***22 U.S.C. § 9653(b)(2) cooperation with a qualifying sovereign entity in support of each project;***

DFC transactions often complement the work of many other sovereign entities and international financial institutions.

This year, in partnership with the Government of Ecuador, the Inter-American Development Bank, Credit Suisse, Oceans Finance Company, and the Pew Bertarelli Ocean Legacy, DFC played a critical role in the establishment of the Galápagos Marine Bond. The debt conversion will generate an estimated $323 million for marine conservation in the Galápagos Islands over the next 18.5 years. The funds will capitalize an endowment for the Galapagos Life Fund (GLF), which will be a source of permanent funding for the GLF to continue supporting marine conservation projects. The debt conversion and related conservation activities will also advance Ecuador's "30 by 30" Global Ocean Alliance pledge to protect 30 percent of its marine territory by 2030.

DFC is working with Japan Bank for International Cooperation to guarantee financing by Export Finance Australia for Telstra's acquisition of Digicel Pacific's telecom assets in Papua New Guinea and the Pacific. The deal will lead to network upgrades that will improve security and performance.

## Monitoring and Evaluation

***22 U.S.C. § 9653(b)(4) an assessment of the extent to which lessons learned from the monitoring and evaluation activities of the Corporation, and from annual reports from previous years compiled by the Corporation, have been applied to projects.***

See our 'Impact Results' section on page 7.

## U.S. Employment and Associated Effects of DFC-Supported Projects

***Any statutory reporting requirement that applied to an agency transferred to the Corporation under this subchapter immediately before October 5, 2018, shall continue to apply following that transfer if the statutory requirement refers to the agency by name.***

A DFC analysis found that all transactions committed in FY2023 were projected to have a neutral or positive impact on U.S. jobs.

# Endnotes

1. www.gov.uk/research-for-development-outputs/does-the-extension-of-the-rural-road-network-have-a-positive-impact-on-poverty-reduction-and-resilience-for-the-rural-areas-served
2. www.sum4all.org/publications/global-mobility-report-2017
3. www.weforum.org/agenda/2020/04/coronavirus-covid-19-pandemic-digital-divide-internet-data-broadband-mobbile
4. www.iea.org/reports/sdg7-data-and-projections/access-to-electricity
5. www.iea.org/reports/global-energy-review-2021
6. agrilinks.org/sites/default/files/resources/190829_usaid_ag_finance_primer_vfinal.pdf
7. www.fao.org/family-farming/detail/en/c/1398060
8. iris.who.int/handle/10665/259817
9. www.who.int/news-room/fact-sheets/detail/climate-change-and-health
10. documents1.worldbank.org/curated/en/706751601388457990/pdf/Revised-Estimates-of-the-Impact-of-Climate-Change-on-Extreme-Poverty-by-2030.pdf
11. openknowledge.worldbank.org/entities/publication/2be91c76-d023-5809-9c94-d41b71c25635
12. Climate-linked refers to any project that furthers climate mitigation, adaptation, or sustainable landscapes directly in any capacity or facilitates climate co-benefits indirectly.
13. data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS
14. dalberg.com/our-ideas/towards-market-transparency-in-smallholder-finance
15. wid.world

U.S. International Development Finance Corporation
Finance Corporation

**U.S. International Development Finance Corporation**
***Investing in Development***

1100 New York Ave., NW
Washington, DC 20527
202.336.8400