



# Office of Inspector General

U.S. International Development Finance Corporation

## *Top Management Challenges Facing the U.S. International Development Finance Corporation in FY 2022*



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### MESSAGE FROM THE INSPECTOR GENERAL



#### *Inspector General, Development Finance Corporation*

The U.S. International Development Finance Corporation (DFC) was created by the Better Utilization of Investments Leading to Development Act of 2018 ([BUILD Act](#)). DFC began operations in December 2019, consolidating the functions of its predecessor agencies, the Overseas Private Investment Corporation (OPIC) and the U.S. Agency for International Development's (USAID) Development Credit Authority (DCA). The BUILD Act authorized DFC until October 2025 (seven years).

DFC is an independent Executive Branch corporation that partners with the private sector to finance solutions to the most critical challenges facing the developing world today, thereby advancing economic growth and promoting U.S. national security interests. DFC supports development projects in a variety of areas, including energy, healthcare, and infrastructure by providing equity and debt financing, political risk insurance, and technical assistance. Through the BUILD Act, DFC was granted an expanded lending capacity of \$60 billion and a more focused mission on development impact in lower income and lower-middle income countries.

Through DFC, America accelerates the flow of private capital to less developed countries by supporting private sector investments when financing from other sources is not available. This support is essential to advancing key sectors, such as infrastructure, agriculture, health, and supporting women in lesser developed countries, as well as improving the quality of life for millions by laying the groundwork for modern, inclusive, and sustainable economies.

DFC had investments of more than \$34 billion in fiscal year (FY) 2021, and added total new commitments of more than \$6 billion in FY 2021, which was a record year for DFC (OPIC



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previously averaged around \$4.5 billion of new commitments each year). DFC aims to mobilize \$25 billion of DFC financing and mobilize and additional \$50 billion for a total of \$75 billion – to reach more than 30 million people by the end of 2025. In FY 2021, projects supported by DFC helped combat the effects of climate change, the COVID-19 pandemic, gender inequality, and food security.

The BUILD Act created a dedicated DFC Office of Inspector General (DFC OIG), which derives its authority from the Inspector General Act of 1978 ([IG Act](#)), as amended. DFC OIG provides independent oversight of DFC programs and initiatives to prevent waste, fraud, and abuse, and promote economy, effectiveness, and efficiency in DFC operations. This helps ensure the U.S. Government achieves economic growth, promotes U.S. national security interests, and maximizes return on investments.

I was appointed the first DFC Inspector General in August 2020. Our office supports DFC’s mission through audits and investigations that identify program weaknesses, which will help management improve its operations and programs. As part of this oversight, the Reports Consolidation Act of 2000 (Public Law 106–531) requires Federal agencies to include in their performance and accountability reports a statement by their Inspector General summarizing the most serious management and performance challenges facing the agency and progress in addressing those challenges.<sup>1</sup>

The results of recent DFC OIG audits and investigations, as well as those conducted by USAID OIG, which previously provided oversight of OPIC, identified four top management challenges for DFC in FY 2022, which largely remain the same as the management challenges we identified in FY 2021. These challenges are complex and, because DFC is a new and evolving organization, we expect these challenges will continue over the next several years.

- ***Managing Risks While Balancing Revenues Against Operating Costs.*** DFC’s mission is to partner with the private sector to invest in development projects around the world. These projects advance the interests of the U.S. through financing development projects in emerging markets. While the BUILD Act does not require it, for decades DFC (formerly OPIC) had a cumulative record of generating earnings for the U.S. Treasury and contributed billions of dollars towards deficit reduction. However, the BUILD Act

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<sup>1</sup> Public Law 106-531, section (5)(b), states: “[E]ach program performance report shall contain an assessment by the agency head of the completeness and reliability of the performance data included in the report. The assessment shall describe any material inadequacies in the completeness and reliability of the performance data, and the actions the agency can take and is taking to resolve such inadequacies.” <https://uscode.house.gov/statutes/pl/106/531.pdf>.



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states that, in general, DFC shall prioritize providing support to lower income (LIC) and lower-middle income (LMIC) countries.<sup>2</sup>

DFC has established a target of 60 percent of the private sector projects it supports will be in LICs and LMICs. This will translate to additional country and portfolio concentration risks and a greater need for proactively managing those risks. Many of these countries are still facing significant supply and demand shocks due to the COVID-19 pandemic. The United Nations estimates that developing economies, including LICs and LMICs, will lose \$12 trillion through 2025, further reducing income availability and disrupting global supply chains in many countries that had fragile economies prior to the COVID-19 pandemic. As a result, debt levels in developing countries are increasing, which could impact the ability to repay loans and increase the risk of DFC investments in these countries. Finally, the flow of substantial funding into crisis environments increases the risk of fraud, a top management challenge that has been reported by USAID OIG for the past several years.

- ***Increase Partnerships with Agencies to Efficiently and Effectively Advance U.S. Foreign Policy and Security Objectives.*** The BUILD Act, DFC's reorganization plan, and the coordination report<sup>3</sup> identified the need for strong partnerships among DFC, the Department of State, USAID, Millennium Challenge Corporation (MCC), and other agencies providing similar services. DFC has taken the first step in its selection of a Chief Development Officer (CDO) in February 2020. DFC has made progress in this area with several projects, such as the Joint Investment for Peace Initiative and efforts to combat the COVID-19 pandemic in developing countries. The Joint Investment for Peace initiative is a new program that will increase cooperation between Israelis and Palestinians by promoting investments and financial tools that advance the development of the Palestinian private sector economy. This initiative is a partnership between DFC, USAID, and the Department of State.

Due to the COVID-19 pandemic, DFC quickly pivoted its resources to address the global impact of the pandemic in the developing world and partnered with several organizations to increase the production and availability of vaccines. For example, DFC partnered with the International Finance Corporation (IFC), the German Development Finance Institution (DEG), and others to strengthen vaccine and pharmaceutical development and to accelerate recovery from the COVID-19 pandemic in African countries. Through its

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<sup>2</sup> Under the BUILD Act, Section 1412(c), support to less developed countries with an upper-middle-income economy is restricted unless the President certifies that such support furthers the national economic or foreign policy interests of the U.S., or it is designed to produce significant developmental outcomes or provide developmental benefits to the poorest population of that country.

<sup>3</sup> The BUILD Act, section 1462, required a report to the appropriations committee detailing DFC's reorganization plan and coordination between DFC and USAID.



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partnership, IFC, DEG, and DFC, along with other partners, are exploring potential collaboration with vaccine producers on the continent to support the continued development of sustainable local vaccine and pharmaceutical manufacturing in Africa. While DFC has made strides in increasing its partnerships, there is still more work to do to increase the number, frequency, and magnitude of investments as DFC looks to move from a portfolio of \$32 billion in August 2021 to \$75 billion by the end of 2025.

- ***Improve Performance Management, Transparency, Accuracy, and Availability of Project Data as DFC's Commitments Grow.*** Previous audits have identified areas to improve DFC's broader performance management framework, as well as measure the projected effects of development projects. The BUILD Act requires DFC to create a performance measurement system to evaluate and monitor projects, and to guide plans for future projects. DFC has begun addressing this requirement with the creation of the Impact Quotient (performance measurement tool) and the Roadmap for Impact. DFC has also deployed a new system to track the receipt, review, and certification of all project deliverables within their Insight System, and is currently working to improve monitoring projects and reporting borrower evaluations. DFC's challenge will be meeting the Office of Management and Budget's (OMB) guidance to build and rely on a "portfolio of evidence"—collecting and assuring it has quality data to make informed policy decisions and determine whether it is achieving its essential mission.
- ***Organizational Transition and Additional Responsibilities.*** OPIC's mission was to provide development impact while also providing a positive return on investment for development projects. In contrast, the passage of the BUILD Act changed DFC's mission to mobilize and facilitate the participation of private sector capital and skills in the economic development of less developed countries, prioritizing LICs and LMICs, in order to complement the development assistance objectives, and advance the U.S. foreign policy interests. In addition, DFC faces higher expectations to provide developing countries with a robust alternative to state-directed investments by authoritarian governments and U.S. strategic competitors. Accurately monitoring and measuring development impact in these countries, as well as managing expectations, will be key to DFC's success and will be a point of emphasis in our oversight of DFC.

Creating DFC in accordance with the BUILD Act required blending personnel from USAID DCA and OPIC into a single organization. Fostering development, merging organizational cultures, creating a new one, and embedding its new mission and core values into all aspects of the new Federal corporation is still evolving. DFC is in the process of hiring approximately 100 new staff to meet the evolving demands of the organization, including their equity line of business and other additional responsibilities. This task is further challenged by a tight job market, pay that is lower than other federal financial agencies, and continued staff turnover. Further, the COVID-19 pandemic has



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exacerbated the situation, making it more challenging to hire personnel and build a culture when there is less daily interaction between co-workers. Therefore, leadership, organizational, and transformation skills are particularly critical to the success of DFC as it implements its new mission and manages to meet expectations under the BUILD Act.

In addition to its new mission, DFC assumed new responsibilities in May 2020 to provide domestic manufacturing financial services under the Defense Production Act of 1950 (DPA), through which DFC assists the Department of Defense in its national response to the pandemic. In addition, the Biden administration has identified climate finance as an essential tool to advance climate mitigation and adaptation around the world. In response, DFC has announced a series of climate-related commitments, including zero emissions across its portfolio by 2040 and focusing one-third of new investments on climate change by 2023. These additional responsibilities and expansion of initiatives since the passage of the BUILD Act create a challenging environment at DFC in its ability to meet its core mission of providing financial assistance to developing countries.

DFC OIG has initiated audits and investigations addressing these challenges, and in August 2021 announced an audit to assess DFC's progress in implementing the provisions of the BUILD Act. The results of the audit will help inform our work and frame our dialogue with Congress, the Biden administration, and other stakeholders regarding DFC priorities for effective stewardship of U.S. funds dedicated to foreign assistance and development. DFC OIG remains committed to conducting thorough and timely audits and investigations of DFC programs and management, and recommending actions to help address the issues and challenges we identify. DFC OIG also appreciates the support and assistance provided by USAID OIG as we become fully operational.

Please contact me if you would like to discuss or have any questions about DFC's FY 2022 top management challenges.

Sincerely,

A handwritten signature in blue ink that reads "Anthony Zakel".

Anthony "Tony" Zakel  
Inspector General



## **INTRODUCTION**

On October 5, 2018, President Trump signed the BUILD Act into law with broad bipartisan support. The BUILD Act reformed and strengthened U.S. development finance capabilities by establishing a new federal agency, the U.S. International Development Finance Corporation (DFC). DFC will help address development challenges and implement foreign policy priorities of the United States. DFC began operations in December 2019 with a mission to mobilize investment in lower income countries, empower women and other underserved communities, while developing the roads, ports, and critical infrastructure that will help build peaceful and prosperous modern societies.

The BUILD Act provided DFC with new and innovative financial products to bring private capital to the developing world. Development finance tools, such as loans, guarantees, equity, and political-risk insurance, facilitate private-sector investment in developing countries that will have a positive—and measurable—developmental impact.





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DFC facilitates transactions the private sector would not conduct because of known risks associated with the developing world. Limited backing from the U.S. Government can help catalyze significant amounts of private capital into developing countries. This backing is essential to supporting key sectors, such as power, energy, water, infrastructure, agriculture, and health, which improve the quality of life for millions and lay the groundwork for creating modern economies and providing financing for women or other borrowers who do not have sufficient access to commercial financing.

In accordance with the BUILD Act, DFC provides developing countries a robust alternative to state-directed investments by authoritarian governments and U.S. strategic competitors. DFC incentivizes private sector-led development projects in developing countries that adhere to high standards and are financially viable over the long-term, while ensuring that contracts are transparent and that transactions properly address economic and social impacts. This encourages more American businesses to invest in developing markets, including those of key national security importance to Americans, thus using private sector investments instead of public funding.



### ***1. Manage Risks While Balancing Revenues Against Operating Costs.***

DFC's mission is to mobilize and facilitate the participation of private sector capital and skills in the economic development of less developed countries, prioritizing LICs and LMICs, in order to complement the development assistance objectives, and advance the foreign policy interests, of the U.S. However, DFC must properly balance the risk of these investments in developing markets to ensure the program does not become an undue burden to the American taxpayers. For decades OPIC (now DFC) had a cumulative record of generating earnings for the U.S. Treasury and contributed billions towards deficit reduction with its financing efforts.

The BUILD Act provided DFC with new and innovative financial products. However, it also requires DFC to prioritize development work in LICs and LMICs. <sup>4</sup>DFC is not prohibited from operating in upper-middle income countries, but generally restricts its support in those countries to projects involving U.S. investors, women entrepreneurs, or infrastructure. DFC has established a target of 60 percent of its work in LICs and LMICs. In addition, the BUILD Act removed the

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<sup>4</sup> BUILD Act, Section 1412(c).



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restriction that investors must be American companies—thus opening a path for DFC to partner with foreign entities.

DFC has a portfolio of more than \$34 billion and had total new commitments of more than \$6 billion in FY 2021, which was a record year for DFC (OPIC averaged around \$4.5 billion new commitments each year). DFC aims to mobilize a total of \$75 billion to reach more than 30 million people by the end of 2025. The BUILD Act states the maximum contingent liability of DFC outstanding at any one time shall not exceed \$60 billion. However, to better position DFC and the United States to compete with initiatives lead by the People’s Republic of China, Congress proposed legislation this past summer, the Ensuring American Global Leadership and Engagement (EAGLE) Act, that could raise this limit to \$100 billion if passed.

By nature, projects in LICs and LMICs are more challenging and present higher risks, thus making DFC success on these projects contingent on understanding the challenges and mitigating the risks. Many of these countries are still facing significant supply and demand shocks due to the COVID-19 pandemic. The United Nations estimates that developing economies will lose \$12 trillion through 2025. This further reduces income availability and disrupts global supply chains in many countries that had fragile economies even prior to the COVID-19 pandemic. The World Bank’s first 2021 quarterly pulse survey revealed that 92 percent of companies reported they had no plans to increase or decrease the amount invested in their host country over the next one to three years. The study also revealed that uncertainty regarding future demand is holding back investments. As a result, debt in developing countries is increasing, which could impact the ability to repay loans and increase the risk for DFC loans. In addition, the flow of substantial funding into crisis environments increases the risk of fraud, a top management challenge that has been reported by USAID OIG for the past several years. DFC will need to manage these risks to ensure it achieves its mission. This will require proactive and frequent project monitoring, thoughtful consideration of lessons learned, and implementation of best practices by DFC.



## ***2. Increase Partnerships with Agencies to Efficiently and Effectively Advance U.S. Foreign Policy and Security Objectives.***

The BUILD Act, DFC's reorganization plan, and the coordination report identified the need for strong partnerships among DFC, the Department of State, USAID, MCC, and other agencies. However, prior USAID OIG audits have highlighted challenges in carrying out foreign assistance operations that involve multiple U.S. Government agencies.

DFC has taken positive steps to develop relationships and coordinate with various U.S. Government partners, including the Departments of State, Energy, Commerce, and Treasury, USAID, the U.S. Trade & Development Agency (USTDA), the Export-Import Bank, the Millennium Challenge Corporation (MCC), and the U.S.-African Development Foundation (USADF). DFC's Chief Development Officer, along with the Senior Advisor to the CEO, hosts a monthly Development Finance Coordination Group (DFCG) meeting with sixteen USG agencies for the purpose of identifying ways to better collaborate among the interagency to advance DFC's development finance goals. In addition, in June 2021, DFC announced the launch of the Joint Investment for Peace Initiative in partnership with USAID and the Department of State. This program will increase cooperation between Israelis and Palestinians by promoting investments and financial tools that advance the development of the Palestinian private sector economy. Also, in March 2021, USAID and DFC jointly sponsored a \$41 million loan portfolio guarantee to help finance investments by small and medium-sized enterprises (SMEs) in India for renewable energy solutions, including rooftop solar panel installations. DFC has coordinated



quarterly meetings and briefings with USAID’s regional leadership and will look to expand these briefings to include the Department of State. Additionally, DFC is working with MCC to finalize development of a new blended finance mechanism, the American Catalyst Facility for Development, a formal platform to optimize collaboration between MCC and DFC in support of coordinated, strategic investments. DFC has also established a Development Finance Fellows program, in coordination with USAID and the Department of State. In September 2021, three fellows from USAID and two fellows from the Department of State will join DFC for a one to three-year fellowship that will enable USAID and State Foreign Service Officers to develop deal origination skills at DFC, and DFC staff to improve their understanding of how Department of State and USAID can support their transactions. DFC is also launching the African Small Business Catalyst Facility with USADF that will provide small loans from DFC, accompanied by grants from USADF, to offer de-risked blended financing to African entrepreneurs. Finally, DFC’s 2X Women’s initiative has developed ties and collaborated with various agencies, including USAID and MCC.

Due to the COVID-19 pandemic, DFC quickly pivoted its resources to address the global impact of the pandemic in the developing world and partnered with several organizations to increase the production and availability of vaccines. DFC partnered with the International Finance Corporation (IFC), the German Development Finance Institution (DEG), and others to strengthen vaccine and pharmaceutical development and to accelerate the recovery from the COVID-19 pandemic in African countries. Through the partnership, IFC, DEG, and DFC, along with other partners, are exploring potential collaboration with vaccine producers to support the continued development of sustainable local vaccine and pharmaceutical manufacturing in Africa.

DFC appointed its first Chief Development Officer (CDO) in February 2020. The CDO is responsible for driving measurable development impact and ensuring DFC’s portfolio meets its development mandate at the strategic level. In addition, the CDO manages structuring, monitoring, and evaluating transactions and projects co-designed with USAID and other relevant government departments, agencies, and missions. The CDO also authorizes and coordinates transfers of funds or other resources to and from such departments, agencies, and missions, upon their concurrence, in support of DFC’s projects or activities. The CDO coordinates DFC’s development policies and implementation efforts with USAID, MCC, and other relevant U.S. Government departments, agencies, and missions. This includes close communication with USAID to ensure that all such departments, agencies, and missions have training, awareness, and access to DFC’s tools in relation to development policy and projects in countries.

While DFC has made strides in increasing its partnerships, these partnerships will need to significantly increase in number, frequency, and magnitude of investment as DFC looks to move from a portfolio of \$32 billion in August 2021 to mobilize a total of \$75 billion by the end of



2025, with an impact on 30 million people. The CDO's office, the Office of Strategic Initiatives, and 2X Women's initiative play significant roles in the development of DFC's mission and coordination with key government agencies. It is important that DFC determine the appropriate resources, define key authorities, and assess agency staff levels to achieve these partnerships and objectives. This coordination with key government agencies will be critical to the long-term success of DFC and its programs as it looks to reach its \$75 billion goal in its Roadmap for Impact by 2025.



### ***3. Improve Performance Management, Transparency, Accuracy, and Availability of Project Data as DFC's Commitments Grow.***

DFC will need to ensure processes are robust for assessing and aligning prospective projects with its strategic goals, and be able to clearly articulate how it defines and measures progress. Previous audits of OPIC identified areas of improvements in its broader performance management framework that will require special attention from DFC. Specifically, USAID OIG's work showed that OPIC lacked the business practices necessary to ensure it captured sufficient data to track progress in carrying out its mission, advancing U.S. foreign policy, and capturing the development impact of projects. USAID OIG also identified weaknesses in OPIC's approach for measuring the projected development effects of projects. Best practices



noted in OMB’s guidance call for agencies to build and rely on quality data to make informed policy decisions and determine whether they are meeting the essential goals of their mission. Similarly, the BUILD Act calls on DFC to develop a performance measurement system to evaluate and monitor projects and guide plans for future projects. The availability of transparent and accurate project data will be key for DFC to determine whether projects are meeting their expected development goals.

DFC has developed a performance management framework and the Impact Quotient (IQ) performance measurement tool. DFC developed the IQ to measure, monitor, and evaluate developmental impact around the world. DFC consulted more than 50 stakeholders, including investors, development finance institutions, and partners in the U.S. Government, in developing IQ, and continues to solicit feedback as the agency works to continuously improve the tool. A team of DFC economists and environmental and social policy analysts utilize IQ to evaluate projects based on three key indicators: growth, inclusion, and innovation; and to make adjustments to account for potential negative environmental, social, and development risks.

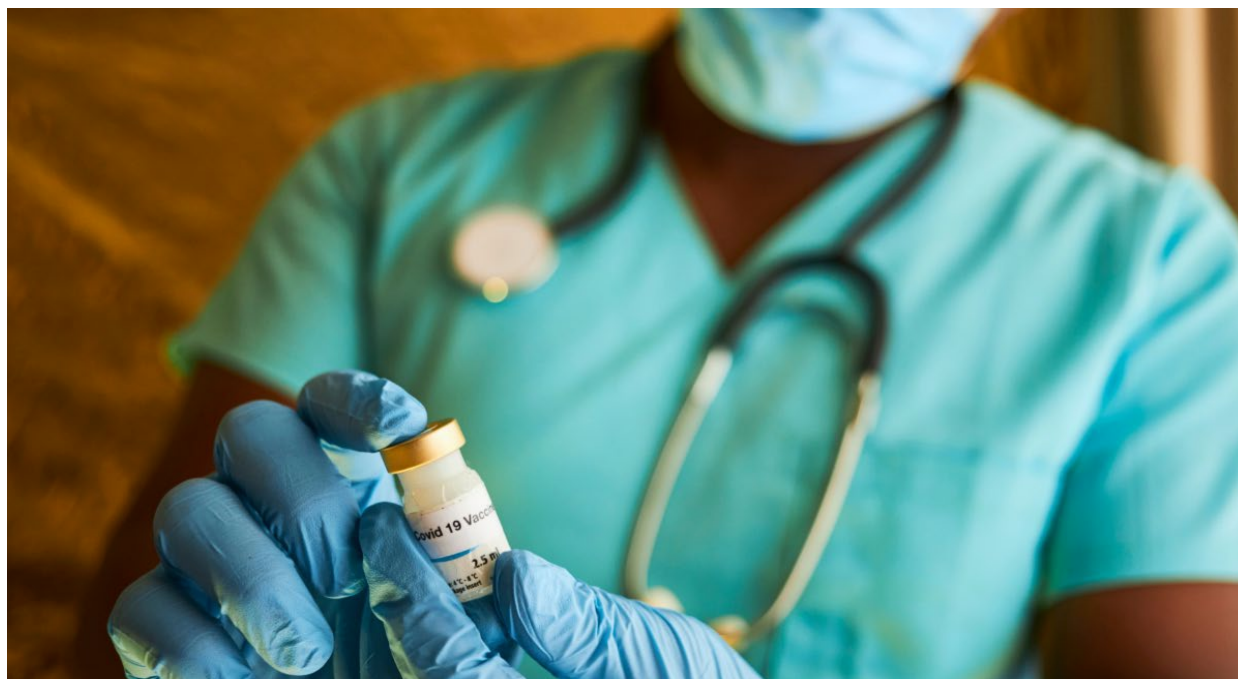
In 2020, DFC launched a comprehensive development strategy, Roadmap for Impact, which establishes specific investment and development goals to be reached by the end of 2025, to ensure the projects it supports yield maximum impact to the people and communities they serve. Specifically, the strategy includes:

- **Prioritize low-income and lower- middle income countries.** Focus at least **60 percent** of the projects it supports in LICs and LMICs, and in fragile states.
- **Catalyze \$75 billion in investment.** Invest **\$25 billion and mobilize another \$50 billion** by the end of 2025 across six priority sectors, including technology and infrastructure; financial inclusion; healthcare; energy; agriculture and food security; and water, sanitation, and hygiene (WASH).
- **Empower women and other underserved communities.** Support **12 million** women and **6 million** marginalized individuals through the projects it supports.
- **Introduce technology.** Elevate innovation and technology across at least **50 percent** of its portfolio.
- **Create jobs.** Invest in projects that will support the creation of **100,000** local jobs and work to protect workers’ rights.
- **Expand and diversify client base.** Add **15** new clients each year with **30 percent** of all clients based in developing countries.



DFC has developed a new method to track the receipt, review, and certification of all project deliverables and is working to improve project monitoring and reporting on borrower evaluations.

While DFC has taken steps to implement performance management tools such as IQ and the Roadmap for Impact, challenges remain to fully implement a mature performance management framework within the newly created organization. Specifically, DFC’s monitoring and evaluation of project development has been an area of concern as it often relies on self-reported information from clients. A mature framework will ensure available, transparent, and accurate financial and project data to fully monitor and evaluate actual project development. This will assist DFC in meeting OMB’s guidance to build and rely on a “portfolio of evidence”—collecting and assuring they have quality data to make informed policy decisions and determine whether they are meeting the essential mission.



#### ***4. Organizational Transition and Additional Responsibilities.***

DFC’s mission is to mobilize and facilitate the participation of private sector capital and skills in the economic development of less developed countries, prioritizing LICs and LMICs, in order to complement the development assistance objectives, and advance the foreign policy interests, of the U.S. In addition, DFC faces higher expectations to provide developing countries with a robust alternative to state-directed investments by authoritarian governments and U.S. strategic





competitors. Accurately monitoring and measuring development impact in these countries, as well as managing expectations, will be key to DFC’s success and will be a point of emphasis in our oversight of DFC.

DFC is developing a strategic plan that outlines its mission, vision, and values as a first step in developing a new organization and culture:



As key positions such as the Chief Executive Officer (CEO) are permanently filled, adjustments to this strategic plan are likely.

DFC also faces the challenge of bringing a significant number of personnel onboard in a very tight labor market. DFC is in the process of hiring more than 100 new staff to meet the evolving demands of the organization, including building its equity line of business and other additional responsibilities. Further compounding DFC’s recruiting challenges is although it is a development financial institution, it does not offer the higher pay rates of other federal financial institutions, such as the Federal Deposit Insurance Corporation, the Federal Reserve, the Federal Housing Finance Agency, and the National Credit Union Administration. This was a significant concern raised by DFC employees in the 2020 Federal Employee Viewpoint Survey. The COVID-19 pandemic has further exacerbated the situation as it is even more challenging to hire personnel and build a culture when employees are currently working remotely. Given the transition of the organization from OPIC to DFC, as well as its large recruitment effort, we intend to assess whether DFC’s workforce planning processes align with the six best practices identified by the Government Accountability Office (GAO).



DFC also assumed an added role to provide domestic manufacturing financial services to assist our nation’s response to the COVID-19 pandemic. DFC must ensure this effort does not negatively impact its transition efforts and core mission of providing financial assistance to developing countries. On May 14, 2020, President Trump signed Executive Order 13922 delegating the DFC CEO authority under the DPA loan program to:

“make loans, make provision for purchases and commitments to purchase, and take additional actions to create, maintain, protect, expand, and restore the domestic industrial base capabilities, including supply chains within the United States and its territories (“domestic supply chains”), needed to respond to the COVID-19 outbreak.”

This year, President Biden and G7 partners agreed to launch a new global infrastructure initiative, Build Back Better World (B3W). This infrastructure partnership led by major democracies is intended to help narrow the \$40+ trillion infrastructure need in the developing world (lower income and lower-middle income countries). The United States will seek to mobilize its development finance tools, including DFC, USAID, MCC, the Export-Import Bank, and the U.S. Trade and Development Agency. In addition, the Biden administration has identified climate change as an existential threat of our time and climate finance as an essential tool to advance climate mitigation and adaptation around the world. In response, DFC has announced a series of climate commitments, including zero emissions across its portfolio by 2040 and focusing one-third of new investments on climate change by 2023. DFC has hired a Chief Climate Officer and Deputy Chief Climate Officer to assist in these efforts.

It is critical that DFC meet the challenge of merging various organizational cultures and instilling the mission, vision, and values of DFC into the new organizational culture. This challenge is made more difficult by the added roles and responsibilities that come with the implementation of new and innovative financial products and the DPA loan program. These additional responsibilities and the expansion of initiatives since the passage of the BUILD Act create a challenging environment in which to meet DFC’s core mission of providing financial assistance to developing countries.



## MANAGEMENT'S COMMENTS



October 27, 2021

**TO:** Anthony "Tony" Zakei, Inspector General

**FROM:** Dev Jagadesan, Acting Chief Executive Officer

**SUBJECT:** Response to Inspector General's Report  
on the Top Management Challenges Facing DFC in 2022

The U.S. International Development Finance Corporation ("DFC") concurs with the top four management challenges as identified in the Inspector General's report:

- Managing Risks While Balancing Revenues Against Operating Costs
- Increase Partnerships with Agencies to Efficiently and Effectively Advance U.S. Foreign Policy and Security Objectives
- Improve Performance Management, Transparency, Accuracy, and Availability of Project Data as DFC's Commitments Grow
- Organizational Transition and Additional Responsibilities

DFC has instituted several programs, projects, and initiatives to address these challenges and will continue to work towards minimizing the impact of these challenges in the coming years.

Dev Jagadesan  
Acting Chief Executive Officer

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Dev Jagadesan  
Date: 2021.10.29  
08:27:55 -0400'

1100 New York Avenue, NW  
Washington, DC 20527  
Office +1 202.336.8400  
**dfc.gov**



**Office of Inspector General**  
**U.S. International Development Finance Corporation**

1100 New York Avenue, NW

Washington, DC 20527

<https://www.dfc.gov/oig>

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