BDR(20)53

BY THE BOARD OF DIRECTORS
OF
THE U.S. INTERNATIONAL DEVELOPMENT FINANCE CORPORATION

BE IT RESOLVED, that the Board hereby approves and authorizes for transmission to the Director of the Office of Management and Budget the DFC Budget Request for Fiscal Year 2022.

BE IT FURTHER RESOLVED, that the Chief Executive Officer is authorized, in his discretion and on such terms and conditions as he deems to be in the best interests of the Corporation, to propose, consider and agree upon, in consultation with the Board and the Administration, levels of administrative and program expenses, program and subsidy budget authority, and personnel different from those set forth in the aforementioned budget request.

Approved by the Board of Directors via
written consent on September 25, 2020

Catherine F. I. Andrade
Corporate Secretary

DFC BUDGET REQUEST

Fiscal Year 2022

U.S. International Development Finance Corporation

dfc.gov

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Acronyms and Abbreviations

Asia EDGE	Asia Economic Development and Growth thru Energy Initiative
BDN	Blue Dot Network
BUILD Act	Better Utilization of Investments Leading to Development Act
CDC	Development Finance Institution of the United Kingdom
CDO	Chief Development Officer
Commerce	Department of Commerce
COVID-19	Coronavirus Disease 2019
CRO	Chief Risk Officer
DCA	Development Credit Authority
DCCP	Digital Connectivity and Cybersecurity Partnership
DEG	Bilateral German development finance institution
DFC	United States International Development Finance Corporation
DFCG	Development Finance Coordination Group
DFI	Development Finance Institution
DOE	Department of Energy
ESDF	Economic Support and Development Assistance Funds
EXIM	Export-Import Bank of the United States
FDA	U.S. Food and Drug Administration
FTE	Full-Time Equivalent
FSI	Foreign Service Institute
FY	Fiscal Year
ICT	Information and Communications Technology
IFC	International Finance Corporation
IFI	International Finance Institution
IG	Inspector General
IQ	Impact Quotient
IT	Information Technology
LIC	Low-Income Country
LMIC	Lower-Middle-Income Country
M&E	Monitoring and Evaluation
MCC	Millennium Challenge Corporation
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
NSC	National Security Council
NSS	National Security Strategy
ODP	Office of Development Policy *(at DFC)*
OIG	Office of the Inspector General
OPIC	Overseas Private Investment Corporation
OSI	Office of Strategic Initiatives *(at DFC)*
P-TEC	Partnership on Trans-Atlantic Energy Cooperation
PEPFAR	President's Emergency Plan for AIDS Relief
PMI	President's Malaria Initiative
PRI	Political Risk Insurance
State	Department of State
TA	Technical Assistance
TPN	Trans Pacific Networks
UMIC	Upper-Middle-Income Country
USAID	United States Agency for International Development
USG	United States Government
WASH	Water, Sanitation, and Hygiene
W-GDP	Women's Global Development and Prosperity Initiative

Executive Summary

The United States International Development Finance Corporation (DFC) is the official development finance institution (DFI) of the United States. DFC is an independent Executive Branch agency that partners with the private sector to finance solutions to the most critical challenges facing the developing world today. DFC's private sector tools provide a critical bridge between federal resources and dynamic private sector driven development.

DFC requests a Fiscal Year 2022 budget of $1.7 billion in program funds and $193.1 million for administrative expenses and project-specific transaction costs. The $1.7 billion in program funds will be flexibly allocated across credit subsidy, equity, technical assistance, and grants or other special projects and programs. This level of resources reflects the scale and complexity of the issues facing the developing world and DFC's need to engage and mobilize the private sector in meeting the challenges.

This budget request will allow DFC to make America a stronger and more competitive leader on the global development stage and to provide financially sound alternatives to unsustainable state-directed initiatives. From microfinance, to secure telecommunications, to infrastructure, DFC's programs are critical to helping create opportunity and growth. The role of DFC is more essential than ever as the developing world grapples with a sobering economic outlook in the wake of the COVID-19 pandemic. At the same time DFC responds to the effects of COVID-19, it must redouble its efforts to provide alternatives to authoritarian financing for critical infrastructure and health sector strengthening.

Program Priorities

The FY 2022 budget request will enable the scale that DFC needs to engage private capital in credibly addressing the financing needs in six key sectors that align with United States development and foreign policy objectives:

- **Technology and Critical Infrastructure:** DFC will invest in critical infrastructure projects, such as roads, railways, ports, and airports, and ICT to create jobs and foster economic growth through increased trade and regional connectivity.

- **Energy:** DFC will help address growing energy demands in developing countries, expand electricity access to underserved populations, and promote energy security and diversification.
- **Financial Inclusion:** DFC will provide financial services and credit to women, small businesses, and other underserved groups to increase economic participation and community prosperity.
- **Healthcare:** DFC will support the global response to COVID-19, build more resilient healthcare supply chains, and expand access to healthcare professionals, facilities, and lifesaving treatments.

- **Food Security and Global Supply Chain:** DFC will strengthen global value chains and invest in projects that help farmers increase yields, reduce food waste, and expand food exports.
- **Water, Sanitation, and Hygiene:** DFC will expand access to clean drinking water, improve WASH in schools and healthcare, and help countries cope with pressures on water resources.

DFC's budget request will allow the agency to continue working in coordination with the Department of State (State), the United States Agency for International Development (USAID), the Millennium Challenge Corporation (MCC), and others to support inter-agency Administration priorities, including:

- **América Crece:** DFC will help enhance energy and infrastructure security and increase investment in Latin America and the Caribbean. America Crecé is a whole-of-government effort to design achievable energy and infrastructure growth programs that address investment barriers.
- **Indo-Pacific:** DFC is committed to advancing a free and open Indo-Pacific, a vast region including India, Southeast Asia and the South Pacific that is home to more than half the world's population**.** In alignment with *America's Indo-Pacific Economic Vision,* as set out by the Administration, DFC has identified three priority sectors: the digital economy, infrastructure, and energy.
- **Power Africa and Prosper Africa:** DFC will continue to play a leading role in implementing the Power Africa and Prosper Africa initiatives. DFC Chief Executive Officer (CEO) Adam Boehler serves as the Executive Chairperson of Prosper Africa, and DFC will continue to be on the forefront of facilitating private sector investment in Africa to improve infrastructure, support new technology, create value chains, and solve logistical problems across the continent.
- **Women's Global Development and Prosperity Initiative (W-GDP):** The 2X Women's Initiative at DFC plays a key role in advancing the Administration's W-GDP Initiative, which has empowered over 12 million women worldwide. The 2X Initiative, as part of the greater W-GDP Administration priority, will address the unique challenges women face and unlock opportunities at all levels.

Administrative Budget

The budget request of $193.1 million for administrative expenses and project-specific transaction costs is critical to create innovative programs and partnerships to maximize outcomes, to foster an effective and efficient DFC organization, and to maintain a fiscally responsible agency both now and for the future.

DFC seeks to maintain and expand partnerships with USAID, State, MCC, and other federal agencies to continue to foster a whole-of-government approach to development. There are also critical efforts at DFC to establish partnerships with other DFIs, international finance institutions (IFIs), non-governmental organizations (NGOs), and think tanks to maximize cooperation and development impact.

DFC is committed to all efforts to foster an effective and efficient organization, thereby generating long-term value for American taxpayers. Internally, DFC seeks to empower staff to create a productive and positive work environment, and the organization is committed to attracting and retaining the skilled personnel it needs to achieve its development and foreign policy objectives. Administrative resources enable the agency to create management and oversight structures for complex transactions, ensuring that DFC can identify risks, make prudent decisions, monitor results, and maximize the policy and financial value of DFC's portfolio.

At the same time that DFC is managing its internal operations, it seeks to improve the project sponsor experience. Only with effective customer service can DFC be the lead in the global development stage. DFC is committed to investing in development and financing solutions to the most critical challenges facing the developing world today, and the scale of DFC's resources must match the challenges it seeks to address. This budget request is our blueprint for the resources that are realistically required for DFC to make the impact that the Administration and Congress envisioned with the passage of the BUILD Act.

DFC Goals

Maximize Development Impact

DFC emphasizes support for developmental projects. In collaboration with top experts in development, DFC created a new state-of-the-art framework for evaluating development impacts. After extensive consultation with stakeholders, DFC is now implementing an "Impact Quotient" (IQ) framework to calculate a score based on each project's projected and actual contribution to economic growth, inclusion, and innovation to help focus on DFC's development agenda. The score is adjusted for environmental, social, and development risks.

DFC collects baseline, projected, and actual data to measure each project's progress toward its development objectives. Using this framework, DFC will ensure that investments have a positive impact on the populations it serves.

DFC continues to prioritize low-income and lower-middle-income countries in its work in FY2022. Serving the most disadvantaged populations is core to DFC's mission and at the heart of DFC's investment goals. DFC has reorganized its approach to business development, turning from a "demand-driven" culture, to one that seeks out the most developmental opportunities for every resource expended on a transaction.

To amplify its development impact, DFC will use its capital to promote projects that empower women. Women drive growth and foster stability in their homes, communities, and economies. Yet women face extreme barriers to achieving full participation in and contributing to their economies and to society as a whole. DFC will use the power of its investments to create gender equitable change.

DFC promotes projects that support job creation through small business growth, and support populations with limited access to financing. To promote job creation through small businesses, DFC supports:

- Investment funds that target small businesses for equity investments;
- Financial institutions that lend to small businesses and microenterprises;
- Development or expansion of small businesses; and
- Medium and larger companies in sectors that have a demonstrated ability to drive local investments in new goods and service providers.

DFC builds on its experience in encouraging financial institutions and funds to reach out to populations that have not had access to financial resources in the past, including women, youth, and rural populations, so that they can finance microenterprises, small businesses, or household expenses. In addition, DFC will provide technical assistance intended to support future DFC transactions to companies that have not previously served these populations, so that they can determine the viability of expanding services to these segments of the populace. This may increase their access to key resources, including energy and water, or to communications and IT services essential to small business development.

Drive Private Capital Toward U.S. Foreign Policy Objectives

DFC is a dynamic, private sector-focused organization and, as a result, DFC is an effective, nimble tool of United States foreign policy. DFC works directly with the private sector, mobilizing private capital alongside DFC's own financing to promote U.S. objectives abroad. The BUILD Act has focused attention on the power of mobilizing the private sector to achieve U.S. foreign policy goals, and DFC is closely coordinating with the NSC, State, and USAID to support growth and stability in countries where the United States has a strategic interest. There is a global consensus recognition that achieving economic and political stability in less developed countries is inextricably intertwined with increasing private sector investment.

DFC plays a critical role in bringing new capital to emerging market development. Private capital can spur global development funding as investors seek opportunities in developing countries. However, pools of private sector capital remain largely untapped due to a variety of factors, including high regulatory risk, fragmented supply chains, and monopolies in such critical sectors as power and transportation.

DFC provides an alternative to state-led investment by authoritarian regimes. At a time when developing countries are incurring dangerous levels of debt from state- directed lending, DFC's private sector-led model seeks to build stable and prosperous societies, strengthen local markets, reduce dependence on foreign aid, and develop critical infrastructure that is built to last. In doing so, DFC adheres to high standards of international financial institutions related to governance, and provide transparency, debt sustainability, as well as internationally-recognized environmental and social safeguards.

The United States must compete, however, for these positive outcomes. Other countries are seeking to project their economic and geopolitical influence. China, for instance, has promised resources to initiate long-term efforts to invest over $1 trillion in Eurasia, Africa, and Latin America. Rather than meeting competitors at the lowest common denominator or engaging in practices that distort markets, the United States is deploying DFC as its development finance tool to pursue U.S. development and national-security objectives, while projecting American values and norms and promoting responsible business practices in partner countries. These relationships will, over the long term, strengthen the geopolitical position of the United States, and provide the economic foundation for future international partnerships.

Grow Our Investments

DFC is increasing its portfolio size in terms of the number of projects supported, dollars invested, and insured. With an increased investment cap and more flexibility, DFC is positioned to deploy more capital and to have an even greater impact in support of U.S. foreign policy objectives.

Promote the Creation of New Sources of Private Capital in Areas of Strategic Interest

Private capital mobilization in support of sustainable, broad-based economic growth, poverty reduction, and development advances U.S. foreign policy interests. Through demand driven partnerships with the private sector, DFC leverages private-sector resources to promote economic growth in developing countries, helping to extend American influence and to reinforce American values, such as the rule of law, transparency, and fair business practices. Emerging market trading partners that adhere to free-market principles and promote transparent, rules-based governance today will provide robust markets for American goods and services tomorrow.

DFC develops innovative financial products that increase opportunities to mobilize private capital and meet local needs. DFC's products use loans, guarantees, equity investments, political risk insurance and feasibility studies to catalyze significant amounts of private capital into emerging markets. This backing is essential to mobilizing government and private resources into supporting such key sectors such as infrastructure, power, water and health, which; improving the quality of life for millions, laying the groundwork for creating modern economies, and/or provide financing for women or others who have lacked sufficient—or any—access to commercial financing.

Promote Innovative Programs and Partnerships to Maximize Outcomes

DFC is creating valuable partnerships with other U.S. federal agencies, development finance institutions, NGOs, think tanks, and the private sector to create maximum development impacts most efficiently. DFC recognizes that non-government stakeholders not only play an important accountability role, ensuring that DFC maintains the highest standards, but also play a critical advisory and partnership role.

DFC leverages the expertise and thought leadership that outside stakeholders provide, so that DFC can better assist the people whom it exists to serve. DFC and many foundations share a common mission but bring different resources and tools to the table. DFC will continue to leverage foundations' expertise and grant capital to expand its reach and impact. DFC values the resources non-government stakeholders bring to the table including research, sector expertise, and regional presence. Specifically, DFC sector teams in innovative healthcare, food and agriculture, next generation infrastructure, and energy are taking advantage of stakeholder knowledge and capability

FY 2022 DFC Budget Request

DFC requests $193.1 million for administrative expenses and project-specific transaction costs. In addition, DFC requests $1.7 billion in program funds, which can be flexibly allocated among credit subsidy, grants, technical assistance, and special projects and programs. Facilitated by the Chief Development Officer, DFC proposes a Passback-guided amount of $100 million, with broad flexibility to transfer from multiple accounts and amounts. This amount is requested as an uncapped transfer authority in order to provide flexibility to the interagency process.

Summary of Budget Authority

		FY 2020 Enacted	FY 2021 President's Budget	FY 2022 Request OMB	
Program Appropriation					
Equity		150,000	-	-	
Credit Subsidy, TA/Feasibility Studies		30,000	-	-	
Combined Program Budget (Equity, FCRA)			700,000	1,700,000	
Programs - Total		**180,000**	**700,000**	**1,700,000**	1
Administrative Expenses		**119,000**	**133,677**	**193,100**	
Total, Gross New Budget Authority		**301,000**	**835,677**	**1,893,100**	
Offsetting Collections		(569,000)	(496,000)	(496,000)	2
Total, Net Budget Authority		**(268,000)**	**339,677**	**1,397,100**	
Memo:					
Maximum Lending Limit		*[8,000,000]*	*[10,000,000]*	*[10,000,000]*	
Transfers, Passback-	*Development Focus*	*[50,000]*	*[50,000]*	*[50,000]*	
-	*Foreign Policy*	-	-	*[50,000]*	

1 The combined $1.7 billion program request for FY 2022 will provide combined funding for all of DFC's authorities.

2 Assumes a straight-line, pending release of the President's FY 2022 economic assumptions and outlay and collections projections for the equity program.

Administrative Expenses

As DFC builds towards its authorized portfolio of $60 billion, DFC requires substantial administrative support in order to properly manage the exposure and complex risks involved in DFC's program.

DFC continues scaling up its program, both in terms of portfolio size and in extending into new products (foreign currency, equity). The agency requires funding to fully utilize the development finance capabilities of the U.S. Government, as both a development and a foreign policy tool in coordination with the private sector.

DFC will continue to work closely with USAID missions to provide the financing tools that are a critical complement to USAID's core objective of promoting a path to a recipient country's self-reliance and resilience. The Mission Transaction Unit (MTU) within DFC's Office of Development Credit works with the mission officers to identify projects that help achieve the country's development goals and MTU then executes the financing transaction on the mission's behalf. At the same time, DFC will leverage the broader footprint of U.S. embassies and missions around the world to engage with in-country partners, while driving deeper the impact of its portfolio and more effectively monitoring and adjusting its global project portfolio throughout the world.

The FY 2022 budget request, for Administrative Resources, is $59.4 million above the President's FY 2021 Budget Request of $133.7 million, for a total of $193.1 million. The increase in funding is detailed below.

Table I: Summary of requested budget increases for FY2022

	FY 2022 Increase
Transaction Origination Resources	24,985,542
Implementing Resources	7,739,499
Development Monitoring and Evaluation	7,050,772
Legal	8,219,180
Operationalizing Interagency Collaboration	3,528,496
Governance and Accountability	2,300,000
Technology	5,000,000
Grants and Technical Assistance	550,000
Total	**59,373,489**

The request assumes an estimated hiring of 113 new employees to sustain existing work and allow for increases for financing, insurance and equity activities; evaluation and monitoring activity—both in support of development and portfolio monitoring; interagency coordination; operational implementing resources; and responding to new reporting requirements mandated by the BUILD Act such as the statutorily mandated offices of Chief Risk Officer, Chief Development Officer and Accountability Mechanism. Additionally, this will support efforts to enhance corporate governance flowing from the Inspector General and collaborative functions created by the BUILD Act.

Table II: Summary of requested headcount increases for FY2022

	FY 2020 Projected	FY 2021 President's Request	FY 2022 Request
Headcount	393	449	562

Transaction Origination Resources

DFC's goal is to fully leverage the tools in the BUILD Act and to increase the level of investment it supports by growing the portfolio in regions and sectors that are key to the Administration's development and foreign policy objectives. To meet these goals, DFC is working to scale up existing transaction capacity and controls. The increased portfolio authorization and addition of modern investment tools equip DFC to mobilize substantial capital to advance development and promote inclusive economic growth in the world's least developed countries.

In FY 2022 DFC will scale up its DFC's existing equity capabilities, in order to originate, manage, and exit equity investments. In addition, the FY 2022 budget request will support continued implementation of the authority to make direct loans in local currencies – enabling DFC to mobilize local resources. Senior debt financing will also remain available for emerging market private equity funds through an open and competitive process. This budget request includes supporting technology, new FTEs, project specific transaction costs, and professional services integral to the origination and monitoring process.

Transactions in frontier economies which achieve BUILD Act objectives – the triple-bottom line of development impact, foreign policy and national security objectives, and managing taxpayer risk-- all require DFC to review projects and manage the portfolio at a project-by-project level.

Implementing Resources

DFC's growing business scale and complexity requires supporting people, processes, and technology to maintain and grow its the DFC's ability to prudently manage its portfolio and efficiently execute on new project activity. To prudently deploy the full $60 billion of portfolio capacity prior to the end of DFC's first authorization period, this FY 2022 budget proposal requests additional resources and new FTEs that are needed to advance the Corporation's prudent management of the project workload and the related functions that must be performed, once the debt, equity and insurance projects have been committed, documented and disbursed. These functions include the full range of support functions from acquisitions to accounting, budget and financial management. They include all the credit monitoring and portfolio servicing activities, risk management and internal controls, and data gathering, analysis and reporting. In short, this request will provide the resources needed to keep pace with portfolio growth and perform effective oversight of the financial performance of the projects.

Development Monitoring and Evaluation

In FY 2020, DFC consulted with more than 50 stakeholders representing all segments to develop a tool, the *Impact Quotient (IQ),* to measure the development impact of projects that DFC supports. This new tool will enable more effective underwriting of potential projects, and to guide project monitoring and evaluation.

IQ provides a mechanism for ensuring that support provided by DFC is in addition to private sector investment. The system sets new standards and methods for ensuring accurate developmental performance of DFC's portfolio—including the measurement of projected and ex-post development impact of a project—and information necessary to comply with the annual reporting requirements, economic and social development impact, worker rights, environmental impact and women's economic empowerment. The FY 2022 budget will continue the necessary funding for requirements laid out in the

BUILD Act such as reporting, compliance, U.S. Government coordination, and ex-post analysis of projects and their developmental impacts.

The Budget includes funding to continue support of the development of an M&E portal to track, manage, and report on activities under this function. With portfolio inherited from OPIC and USAID, together with the growth expectations for DFC over its authorization, it is vital to support M&E data and workflows from the outset. The portal will be used by clients, DFC, and any U.S. Government agencies that are involved in DFC's efforts. The portal will be primarily focused on tracking site visits, collecting data from those visits, administering the surveys, and linking the key project documents together in a data warehouse. This modernization includes a web-based app designed for streamlined, on the ground, data validation that will allow DFC to collaborate with other U.S. Government agencies to help understand DFC's development impact.

Additionally, the budget includes funding for increasing FTE in the Office of Developmental Policy to assist in M&E and project clearance as the number of projects in the portfolio continues to grow. In addition to portfolio-level performance measurement, DFC requires support to implement balanced agency-level performance measurement across the key dimensions of client and employee satisfaction, quantity, and quality.

Legal

Additional resources both in staff and contracted support will be necessary to meet DFC's growth trajectory based on the number and complexity of new transaction volume to meet DFC's goal of fully utilizing its mandated capability. This requirement is directly driven by the commercial nature of DFC's transactions and the complex nature of collateral and risk sharing structures. Long after the transactions are originated, the monitoring and workout efforts will continue to require legal resources.

Operationalizing Interagency Collaboration

The Office of Strategic Initiatives (OSI) ensures DFC is effectively integrated into the interagency policy-making process and helps ensure foreign-policy alignment with the Administration's priorities. Funding requested will, for example, support operational costs for this office to represent DFC in the development of business strategy and new Administration initiatives—such as Healthcare and Information and Communication Technology initiatives in light of COVID-19 -- as well as additional FTEs. OSI is structured along regional and thematic lines and interacts regularly with the transaction-focused Departments, as well as with DFC's Office for Development Policy (ODP), based on region or sector. Through these regional and thematic lines OSI has the ability to execute priority initiatives across the globe. OSI links other Federal Departments and Agencies that support U.S. businesses overseas, such as the Department of State, Department of Commerce and the U.S. Export-Import (EXIM) Bank. OSI taps into other U.S. Government Departments and Agencies for detailees, as appropriate, for interagency experience, and serves as a key link into the Development Finance Coordination Group.

Ensuring interagency U.S. Government staff understand how DFC originates, analyzes, structures, monitors, and evaluates its transactions is critical for even the most basic close collaboration across Federal institutions. This understanding is particularly important for USAID staff, who will source DFC transactions directly to support existing USAID programs in-country. Funding will support DFC's development of a comprehensive training program, in coordination with USAID, State, and other U.S.

agencies. This program will complement OPIC’s legacy training to the Foreign Service Institute (FSI) and USAID’s existing training on Private-Sector Engagement and will be available to all interagency staff. Working with State, DFC is programming funds for DFC personnel to be placed in the field to develop business through the lens of U.S. national security and foreign policy.

Governance and Accountability

The BUILD Act provided for two officers who report directly to the board: the Chief Development Officer (CDO) and the Chief Risk Officer (CRO). This request provides additional funding for operating costs of their staff and related travel. CDO and CRO will leverage the entire organization to fulfill their mandates.

The CDO is responsible to focus the entire organization on driving measurable development impact and ensure DFC’s portfolio meets its development mandate at the agency level. The CRO provides executive-level guidance to DFC by identifying and advising on mitigation efforts regarding the most significant risks facing DFC, including operations, credit programs, financial exposures and reputational risks.

In addition, as required by the BUILD Act, DFC has an Independent Accountability Mechanism to address concerns, complaints, or conflicts about environmental or social issues that may arise around DFC-supported projects.

The FY 2022 funding will support operational costs to provide project-affected communities, project sponsors, and project workers an opportunity to have their concerns independently reviewed and addressed.

The BUILD Act also established an independent Inspector General. Consistent with the independent status of the IG, the budget request for those functions will be provided by the IG.

Technology

The DFC Office of Information Technology (OIT) has utilized prior year funds to perform a full lifecycle replacement of datacenter, desktop, and disaster recovery equipment. OIT is working to move more workloads to the cloud, improve governance, write new standard operating procedures, and improve the application development team through introduction of Agile DevOps.

DFC possesses multiple business intelligence (BI) and reporting tools and is seeking funds to rearchitect the current environment to standardize onto a single BI platform. The standardization effort will require application development expense, but eventually will reduce the cost of maintenance for these disparate products.

DFC is seeking to improve or replace the current Salesforce Customer Relationship Management (CRM) system based on the expected report and analysis performed by an external consultant in FY 2020. This project will span two fiscal years, with the end result of an enterprise system that can provide a comprehensive and continuous view of all current DFC business and prospective projects.

The software platforms involved in DFC’s multiple products requires integration into the proposed new enterprise application system above. DFC is requesting funds to redevelop the application utilizing the same suite of tools currently employed at DFC. DFC anticipates a net benefit to rewriting the application as contract staff can be reduced once the architectures and technologies are merged into a DFC standards-based solution.

DFC is requesting funding to enhance our security posture. Current resources and posture do not robustly support the teams that travel and reside internationally. DFC is requesting funding to improve identity and asset management with integrated intrusion detection and machine learning capabilities. Funding will be directed towards software which can correlate and automate responses to potential intrusions. This upgrade will require the addition of three full- time security contractors.

Grants and Technical Assistance

DFC's grants and technical assistance program funds technical assistance, feasibility studies, and training that implement DFC's mission of mobilizing private capital to advance development and support of U.S. foreign policy objectives. A grant and/or technical assistance provided to a project is designed to increase the development impact, or improve the commercial sustainability, of a project that has received, or may receive, DFC financing or insurance support. This assistance will be designed to complement, but does not duplicate, work funded by other agencies or sources of financing.

Funding DFC's Programmatic Authorities

DFC requests $1.7 billion to support its credit, equity, technical assistance, and other special projects activities. This request will allow DFC to scale up to the challenges and ambitions the Administration and Congress sought to tackle with the establishment of DFC and the BUILD Act. It will allow DFC to continue the expansion of the classic financing and insurance work of OPIC and DCA and will further establish and grow the new business lines authorized by BUILD, such as equity and project specific technical assistance. As DFC expands its financing, loans and guarantees, these tools are likely to require incrementally more credit subsidy because of the greater focus DFC will have on less developed countries. As discussed later in this request, COVID-19 has also had an impact on subsidy needs as country risk ratings have deteriorated and even more-established companies are experiencing financial stress. Current global conditions make the equity program more important than ever. DFC is already building on its well-established funds products and expanding in new directions to reach and work with a broader set of partners, including direct equity investments. As DFC continues to launch new products and partnerships and to focus in new markets, DFC's mix of business will naturally be in flux. A combined programmatic request allows flexibility to use the most appropriate tool for each situation.

DFC also anticipates that the Chief Development Officer (CDO) will facilitate the transfer of additional resources from State/USAID to DFC for State/USAID to leverage DFC's development finance tools to support Administration priorities. As in prior years, the budget proposes a transfer from State/USAID. For FY 2022 DFC proposes $100 million to be allocated by Passback. DFC proposes that the President's Budget provide maximum flexibility for USAID and State to transfer resources to the DFC – to enable flexible and timely responses to development priorities and foreign policy opportunities as they arise.

Credit and Insurance

DFC will grow its credit and insurance programs supported by the institutional capabilities necessary to properly manage them. The FY 2022 budget will support $10 billion across the DFC's lending, equity, and hybrid facilities which will enable DFC to access a variety of capital vehicles in a more cost-effective fashion. DFC's budget will fund the authority to support direct loans in local currencies – enabling DFC to mobilize local resources. DFC's debt financing will continue to be available for emerging market private equity funds through an open and competitive process.

Technical Assistance and Feasibility Studies

Technical assistance and feasibility studies designed to complement DFC programming will cover a wide range of activities tailored to the specific needs of individual DFC transactions, including preparation of environmental and social impact assessments, evaluation of projects' technical feasibility, and training. Early support for planning and project development enables more well-planned projects to get off the ground and may be necessary to realize critical infrastructure projects. By lifting specific projects to the level where DFC's investment tools can scale the project, DFC technical assistance and feasibility studies are able to help enhance developmental impact. In addition, DFC technical assistance will increase the developmental impact of existing DFC deals. Regular interactions between DFC and the interagency through the CDO and other mechanisms will ensure that this programing will not duplicate programming done by USAID, MCC, and other agencies.

Equity Program Funding

While debt financing and political risk insurance remain important programs, one of the central components of the BUILD Act is the equity authority that allows DFC to play a qualitatively new and catalytic role in mobilizing private sector capital to help meet foreign policy and development goals. The challenge is that funding for equity operations requires a significant commitment in the budget.

DFC sees direct equity investment as an invaluable tool to drive highly developmental and highly strategic investment over time, where more traditional lending or insurance products may not work as a commercial matter or may not provide the same medium to long-term benefits.

DFC continues to build a robust pipeline of more than $2 billion which flows from at least four sources: (1) co-investment rights in most or all invested funds, (2) reviewing loan and insurance portfolios for companies or projects that are good candidates for equity investment, (3) referrals from other DFI partners (e.g. IFC has expressed a willingness to partner alongside them) and (4) direct business development opportunities.

DFC's equity business is building on its long-standing processes to select managers and funds. Equity investing into funds makes DFC a more attractive partner to other DFIs, and as a result, funds are an early area of growth. DFC is selecting experienced and successful fund managers to promote broad U.S. foreign policy and strategic goals, such as infrastructure, the 2X initiative, focusing on less developed countries in key policy areas and on strategic sectors that are important to U.S. interests. Further, with the funding necessary to properly use DFC's equity authority, DFC will be able to invest on the same basis alongside the development finance institutions of close allies (e.g., the United Kingdom's CDC, Germany's DEG, France's Proparco) and private sector partners (U.S. pension funds and financial institutions).

FY 2022 Policy Priorities

DFC's priorities for FY 2022 envision a set of sectors and regions within which DFC will deploy its tools. Whether DFC is deployed in Africa, the Indo-Pacific, Eurasia and Eastern Europe, or the Western Hemisphere, it is imperative that DFC, with its investment tools and high standards, can offer a clear and readily available alternative to the state-directed approaches offered by strategic competitors that often leave developing countries worse off and more dependent.

Sector Priorities:

DFC will focus on supporting Administration priorities in FY 2022, building and extending on its unique knowledge and track record to engage through these critical sectors in support of development objectives and U.S. policy.

Technology and Critical Infrastructure

Investments in critical infrastructure promote trade and regional connectivity—creating jobs and fostering economic growth. These investments are central to a country's prosperity and stability. Yet many developing countries face significant infrastructure gaps and energy poverty due to the substantial capital that these large-scale projects require. DFC is committed to continue its support for investments in critical infrastructure and energy projects, such as roads, ports, airports, power plants, transmission lines, and more. By strengthening connectivity and increasing energy supply, these projects facilitate trade and investment, create jobs, and improve access to clean water, food, healthcare, energy, and education.

DFC's investments in critical infrastructure including roads, airports, seaports, and pipelines create jobs and stimulate economic growth. Through increased access to markets, these projects also improve overall quality of life in the developing world by enhancing energy access, spurring business activity, strengthening agricultural supply chains, and raising the quality of healthcare and education. As one example, in being a key part of the Blue Dot Network, the United States—led by DFC – now actively works together with allies around the globe to promote quality infrastructure investments by certifying projects that adhere to high standards and build a strong foundation for lasting economic growth. By providing a transparent alternative to extractive, authoritarian finance, DFC's investments in infrastructure are helping our partner countries build prosperous, sustainable futures free from malign influences.

Energy

Access to affordable, reliable, and secure energy underpins economic growth. It is also vital to development, energy access and security, and remains a challenge for developing countries. DFC investments in all energy sources and technologies will help eligible countries meet growing energy demand, introduce electricity in remote regions, expand access to the cleanest and efficient technologies, and advance energy independence and security.

DFC energy investments also support and complement U.S. Government regional priorities and initiatives, such as Power Africa and Prosper Africa, América Crece, Asia EDGE (Economic Development and Growth thru Energy, the Partnership on Trans-Atlantic Energy Cooperation (P-TEC), and other related USG initiatives, as well the new authorities established in the European Energy Security and Diversification Act of 2019.

Financial Inclusion

A major inhibitor of social and economic development is limited access of individuals and MSMEs (micro, small and medium enterprises) to access financial services and capital. In particular, women, microenterprise owners, rural populations, and other financially disadvantaged populations lack the documentation or collateral needed to open bank accounts and obtain credit. As a result, traditional financial institutions are often unable to provide services to these groups, or are required to develop new risk assessment tools, such as creative balance sheet financing, assessments of digital records, and detailed questionnaires, to consider them as customers.

Consequently, developing countries face a considerable credit gap that prevents many small businesses and, especially women entrepreneurs from reaching their full potential. DFC has a long track record of providing loans to women and other underserved populations, including rural populations and youth previously working in the informal sector, to help them start and grow businesses.

DFC consistently has been able to help increase access to credit for housing, education, agriculture, healthcare, and other development needs, as well as expand access to loans for MSMEs, and it will continue to do so. As of end-May 2020, more than half of DFC's 115 pipeline projects with a medium or high probability of receiving financing were in the financial sector, almost all of which were focused on increased financial inclusion by targeting SMEs, women, rural businesses, or other underserved populations.

Women's Global Development and Prosperity Initiative (WGDP)

As discussed in further detail below, DFC continues to lead with its *Women's Global Development and Prosperity Initiative (WGDP)*. Doing so not only addresses an incredible gap in access to financing, but advances U.S. interests to create more stable and prosperous societies. The BUILD Act's priority on women's economic empowerment has enabled DFC to build on OPIC's success in launching the 2X initiative and in taking a critical, global role in the WGDP's support for women's entrepreneurship and access to capital, markets, and technical assistance.

Financial Service Technologies for Underserved Populations

Throughout the developing world, financial technology has already begun to transform the financial services industry and expand access to financial services in developed and developing economies. In lowering costs, eliminating biases, and removing procedural and geographical challenges of traditional service delivery models, digital technologies open up new opportunities to previously unbanked populations, and they enable many MSMEs to transition to the formal sector, increase payment rates, and reduce their cost of capital more easily. DFC can help expand the reach of the financial sector and increase self-reliance in developed and less developed countries by investing in fintech solutions that address the needs of underserved populations.

Food Security & Global Supply Chain

As the U.S. Development Finance Institution, DFC is committed to the principle that agricultural growth is one of the most effective pathways out of poverty for the world's poorest people. It generates income and demand for locally produced goods and services, strengthens supply chains and makes food and other necessities more affordable. Helping farmers earn a fair return and involving them in value-added processing helps them emerge from poverty and gives them an incentive to stop engaging in illicit activities, such as growing the coca or poppy, that drive the global drug trade and create insecurity in less developed countries.

However, systemic risks in supply chains, financiers with limited ag-specific knowledge, and unsupportive regulations and financial infrastructure. Additionally, the COVID-19 pandemic has diminished recent gains in food security and disrupted global supply chains more broadly. To address this, DFC will prioritize supporting private sector investment to achieve the USG's goal of a world free from hunger, malnutrition and poverty, as set forth in the *Global Food Security Act,* reauthorized in 2018, and it will continue to actively contribute to U.S. whole-of-government initiatives, such as Feed the Future, that work with the private sector to modernize and transform food systems. To that end, DFC also will work with USAID and with USG and host country drug and law enforcement agencies in places like Colombia and Afghanistan to introduce robust financing into the alternative development toolbox, serving as a carrot to encourage farmers to grow sustainable licit, instead of illicit, crops.

As key elements of these efforts, DFC will focus its investments on the following four areas:

- strengthening commodity supply chains and food market systems,
- improving access to finance for agriculture-based livelihoods,
- promoting sustainable resource management, and
- advancing innovative agriculture and supply chain technologies.

DFC's pipeline in this sector includes a range of diverse projects, e.g., financing for ecosystem restoration, agroforestry, rural energy, agriculture SME lending, expansion of marine facilities at an existing fish farm in Vietnam, microfinance to women in rural areas, agriculture value chain financing, loans to associations, cooperatives and farmers for cassava and dairy production, seed production and distribution, expansion of a carbonated beverage bottling plant's capacity, a table grape farm and a cashew processing facility.

Healthcare

DFC is committed to strengthening health resilience in developing countries. Through its Health and Prosperity Initiative, the agency is working to invest $2 billion in projects that bolster health systems, support infrastructure development, and expand access to clean water, sanitation, and nutrition. DFC's focus in the health sector is to help low-income and middle-income countries attain a prosperous future by developing robust, sustainable health systems led by private sector innovators. As countries in the developing world face the immense challenges of the COVID-19 pandemic, addressing both communicable and the increasing prevalence of non-communicable diseases (NCDs) creates new strains on emerging market health systems.

DFC seeks to finance economically sustainable private sector projects that support the global COVID-19 response and investments in health system capacity, including supply chains (including the production and distribution of PPE, ventilators, therapeutics, diagnostics, vaccines, and other medical supplies/products/equipment); innovative care delivery systems; digital health and related IT systems; health care financing and insurance; data science innovations; medical technology and devices; water and sanitation (WASH); nutrition; pharmaceuticals (with FDA certification or equivalent); biomedical research; and other related investments.

With respect to healthcare and support for other priorities and initiatives, DFC is particularly interested in supporting investments in Africa consistent with U.S. Government's *Prosper Africa* initiative, investments that support women through DFC's 2X Women's Initiative, investments that complement other U.S. Government global health programs, investments that leverage U.S. Government biomedical research in emerging technologies, and investments with the potential to have highly impactful health outcomes.

Water, Sanitation, and Hygiene

The COVID-19 pandemic, rapid population growth, poor waste management capacity, and increasing pollution and emissions pose mounting challenges for less developed countries to address the water and sanitation issues that have widespread consequences for the most vulnerable populations. Inadequate water, sanitation, and hygiene (*WASH*) resources expose individuals to greater health risks and healthcare costs, while also affecting countries political and economic stability. In many cases, these resources also have direct implications for other development sectors, including agriculture and food security. These deficiencies disproportionately affect women and girls, who often assume responsibility for collecting water. The time spent on water-related functions limits their educational and economic opportunities. Investments that create clean, safe water and sanitation facilities improve the economic potential of all of a country's citizens.

While DFC's role in the water and sanitation sector requires private sector sponsors in the projects it can support, which can be a limiting factor when the sector often involves publicly-owned water infrastructure and small community wells or sanitation facilities that are not revenue-generating. Nonetheless, there are still a number of ways the Agency can mobilize private capital to support development efforts by, for example, facilitating public-private partnerships or private tenders with utilities interested in engaging the private sector, backing water projects that provide commercial and industrial benefits, incorporating sanitation and hygiene into bankable commercial and industrial projects, and promoting water efficiency and waste management technologies.

Going forward, DFC is seeking to support increased access to safe drinking water, water for livelihoods, sanitation and hygiene services, and water resources management. Lacking sanitation and hygiene contribute to the transmission of deadly diseases and exposes individuals to preventable health risks, particularly in poor communities. Accordingly, DFC will continue to explore opportunities to invest in commercial sanitation technologies and incorporate sanitation and hygiene into bankable projects in other development sectors

Strategic Initiatives

Consistent with these sectoral priorities, targets and goals, the following initiatives continue to support and help to drive DFC's support of key Administration priorities. These include:

America Crece

DFC now leads the effort to expand América Crece, the United States' whole-of-government economic engagement program for the Western Hemisphere. As part of América Crece, the United States has signed nine MOUs with signatory countries across Latin America and the Caribbean focused on energy, infrastructure, and technology. These focus areas align with DFC priority sectors for investment in the Western Hemisphere. As part of América Crece, the United States harnesses its array of technical and financial assistance to support the creation of viable markets in energy and infrastructure through technical working groups and engagements with host governments.

América Crece is the pathway through which the U.S. Government identifies sectors for investment that will create innovative solutions for the 21st century. DFC plays a key role in these discussions as the agency leverages América Crece to develop a pipeline of financeable projects in these sectors across the Hemisphere.

Indo-Pacific

As of FY2020, less than 20 percent of DFC's deployed capital was invested in the economies of the Indo-Pacific--out of proportion with the region's huge economic size and growth potential, favorable demography, and vital importance to the United States' long-term strategic and economic interests. DFC's goal in FY2020 was to shift resources and attention to the Indo-Pacific to set the stage for a dramatic expansion of pipeline and deployed capital in the next few years.

Priority Sectors**:** In support of the Administration's vision of a Free and Open Indo-Pacific, DFC aims to balance investment and risk across the three major Indo-Pacific sub-regions – East and Southeast Asia, the Pacific Islands, and South Asia – and across economic sectors, considering opportunities in both hard and soft infrastructure. Advancing American private sector competitive advantages, DFC is prioritizing opportunities in sectors including energy and power, information and communications technology, complex transportation, the financial sector, and education and health. The COVID-19 pandemic has impelled DFC to devote more attention to health care and health security investment opportunities, as well as projects that will support post-COVID economic resiliency and reconstruction.

DFC Strategy: In FY2020, DFC intensified senior-level outreach in the Indo-Pacific region, with CEO-level visits to growth markets India, Vietnam, and Indonesia. Such visits catalyzed business development that has substantially grown pipeline across sectors, with India the main engine of activity. Supplementing high-level exchanges in FY2020 will be the tripling of DFC's operational footprint in the Indo-Pacific region, with full-time transaction officers expected to be placed in Singapore, Bangkok, and Mumbai; and in FY2021 a full-time officer will be added in Jakarta. DFC now has fully institutionalized partnerships with counterparts in Japan and Australia, with a focus on executing concrete co-financing deals, with a first deal close to finalization in FY2020.

Power Africa and Prosper Africa

DFC continues to have a robust portfolio and pipeline of projects that are a principal driver of the Power Africa initiative to increase access to electricity throughout sub-Saharan Africa. DFC is currently tracking potential new power transactions totaling nearly $50 million, and its deal teams continue to bring together technical and legal experts, the private sector, and governments from around the world to work in partnership to increase access to power across Africa.

DFC is a key participating agency of the Prosper Africa program, a whole of government initiative that seeks to substantially increase two-way trade and investment between the United States and Africa. In February of this year, after President Donald J. Trump selected DFC Chief Executive Officer Adam Boehler to serve as Executive Chairman of the program. As a part of the mission to support Prosper Africa's goals, in July of this year, DFC announced that it is launching the Africa Investment Advisor

Program, which establishes a regional team based in Africa. The team will equip DFC to more proactively advance investments and expand its portfolio in this priority region, enhancing deal sourcing and interagency coordination particularly as Africa continues to respond to both the health and economic fallout from the COVID-19 pandemic.

Women's Global Development and Prosperity Initiative (W-GDP)

When we invest in women, the world improves. Economies can enjoy equitable and sustainable economic prosperity, greater stability and national security by economically empowering women. Arguably the biggest missed market opportunity is that of women. McKinsey Global Institute found that eliminating gender disparities in employment, sector, wages and credit would add an additional $12 to $28 trillion to global GDP by 2025. The mission of DFC's 2X Women's Initiative is to provide equal economic opportunity to women in emerging markets and developing economies through access to capital, jobs, skills, products and services. Through 2X, DFC demonstrates U.S. leadership and commitment to the economic empowerment of women across the world. We also seek to mobilize capital, know how, energy and action from the private sector, working in partnership, to achieve scalable and sustainable impact.

2X plays a key role in the Administration's broader Women's Global Development and Prosperity (W-GDP) Initiative which represents the first whole-of-government approach to advancing women's economic empowerment. The W-GDP Initiative aims to enhance opportunities for women to participate meaningfully in the economy and advance both prosperity and national security. W-GDP seeks to reach 50 million women in the developing world by 2025 through U.S. government activities, private-public partnerships, and a new, innovative W-GDP Fund. In its first year, W-GDP reached 12 million women worldwide.

Impact of COVID-19 on Operations

DFC continues to step up to the challenges of the COVID-19 global pandemic. Employees at the agency are working closely with existing clients to protect investments and preserve development impacts. In an environment of unprecedented global demand for financing, DFC is underwriting new deals to boost capital flows to highly impacted populations, sectors, and countries. There is an agency-wide effort to respond to the pandemic, ranging from origination to portfolio services.

As discussed below, the impact of the pandemic on the existing portfolio is broad and there is a need for increased administrative resources to track and manage the effects. As most experts are predicting medium to longer term disruption in markets, it is not surprising that these increased risks due to the pandemic have already raised subsidy costs for DFC deals and that those costs will remain elevated well into the FY22 budget cycle.

Impact on existing portfolio

Lockdowns, social distancing, supply chain disruptions, travel bans, and other COVID-19 containment measures have created a new economic reality for many clients in DFC's portfolio. As of August 2020, DFC has received more than 90 requests for deferral of payments, covenant waivers, and other credit actions within its finance portfolio. To effectively manage these credit action requests, DFC employees are informing clients about the support the agency may be able to provide; what the process and procedures are; and what actions are necessary to approve or amend the requests.

Rapidly changing conditions around the world, with differing policies and COVID-19 containment measures in each country, create additional work for DFC employees monitoring transactions. Some countries have required or encouraged allowing consumers to delay payment to a variety of institutions and/or service providers, e.g., mortgage payments and utility bills. These actions, in certain instances, have imposed new burdens on already limited financial resources and have resulted in revenue shortfalls by DFC borrowers. Understanding and addressing these circumstances are creating additional obligations and need for resources to enable DFC to continue to fulfill its responsibilities effectively.

Risk and subsidy costs for new deals

COVID-19 has increased the credit risk for projects worldwide, and this, in turn, has increased the subsidy costs for DFC's new deals. In an environment of economic volatility with other investors leaving markets, the long-term cost to the government for direct loans and loan guarantees is greater, especially when investing countercyclically. Accordingly, this creates a need for more subsidy for DFC to support these transactions.

Summary and Conclusion

As discussed above, DFC respectfully submits its FY 2022 budget request of $1.7 billion in program funds and $193.1 million for administrative expenses and project-specific transaction costs. The $1.7 billion in program funds will be flexibly allocated across credit subsidy, equity, technical assistance, and grants or other special projects and programs. This level of resources reflects the scale and complexity of the issues facing the developing world, and DFC's need to engage and mobilize the private sector in meeting the challenges.

This request will allow DFC to make America a stronger and more competitive leader on the global development stage and to provide financially sound alternatives to unsustainable state-directed initiatives. As a global leader in development finance and an increasingly vital foreign and development policy instrument of the U.S. Government, DFC is more essential than ever, as the developing world tries to recover from the impacts of COVID-19 and requires DFC's presence as an urgently needed alternative to authoritarian financing for critical infrastructure and health sector strengthening.

Appendices

Appendix A: Appropriations Language

Corporate Capital Account

The United States International Development Finance Corporation (the Corporation) is authorized to make such expenditures and commitments within the limits of funds and borrowing authority available to the Corporation, and in accordance with the law, and to make such expenditures and commitments without regard to fiscal year limitations, as provided by section 9104 of title 31, United States Code, as may be necessary in carrying out the programs for the current fiscal year for the Corporation: Provided, That for necessary expenses of the activities described in subsections (b), (c), (e), (f), and (g) of section 1421 of the BUILD Act of 2018 (division F of Public Law 115–254) and for administrative expenses to carry out authorized activities and project-specific transaction costs described in section 1434(d) of such Act, **[**$299,000,000**]** $1,893,100,000: Provided further, That of the amount provided—

(1) **[**$119,000,000**]** $193,100,000 shall remain available until September 30, **[**2022**]** 2023, for administrative expenses to carry out authorized activities (including an amount for official reception and representation expenses which shall not exceed $25,000) and project-specific transaction costs as described in section 1434(k) of such Act, of which **[**$1,000,000**]** $2,000,000 shall remain available until September 30, **[**2024**]** 2025;

(2) **[**$150,000,000**]** $1,700,000,000 shall remain available until September 30, **[**2022**]** 2023, for the activities described in section 1421(c) of such Act, except such amounts obligated in a fiscal year shall remain available for disbursement for the term of the underlying project: Provided further, That if the term of the project extends longer than 10 fiscal years, the Chief Executive Officer of the Corporation shall inform the appropriate congressional committees prior to the obligation or disbursement of funds, as applicable: Provided further, That amounts may only be obligated after the Chief Executive Officer of the Corporation submits to the appropriate congressional committees the guidelines and criteria required by paragraph (3) of such section: Provided further, That amounts may be paid to the 'United States International Development Finance Corporation—Program Account' for programs authorized by subsections (b), (e), (f), and (g) of section 1421 of the BUILD Act of 2018 (division F of Public Law 115–254):

[and(3) $30,000,000 shall be paid to the ''United States International Development Finance Corporation—Program Account'' for programs authorized by subsections (b), (e), (f), and (g) of section 1421 of the BUILD Act of 2018 (division F of Public Law 115–254): **]**

Provided further, That funds may only be obligated pursuant to section 1421(g) of the BUILD Act of 2018 subject to prior consultation with the appropriate congressional committees and the regular notification procedures of the Committees on Appropriations: Provided further, That in this fiscal year, and each fiscal year thereafter, the Corporation shall collect the amounts described in section 1434(h) of the BUILD Act of 2018: Provided further, That in fiscal year **[**2020**]** 2022, and each fiscal year thereafter, such collections shall be credited as offsetting collections to this appropriation: Provided further, That such collections collected in fiscal year **[**2020**]** 2022 in excess of **[**$299,000,000**]** $1,893,100,000 shall be credited to this account and shall be available in future fiscal years only to the extent provided in advance in appropriations Acts: Provided further, That in fiscal year **[**2020**]** 2022, if such collections are less than **[**$299,000,000**]** $1,893,100,000, receipts collected pursuant to the BUILD Act of 2018 and the Federal Credit Reform Act of 1990, in an amount equal to such shortfall, shall be credited as offsetting collections to this appropriation: Provided further, That funds appropriated or otherwise made available under this heading may not be used to provide any type of assistance that is otherwise prohibited by any other provision of law or to provide assistance to any foreign country that is otherwise prohibited by any other provision of law: Provided further, That the sums herein appropriated from the General Fund shall be reduced on a dollar-for-dollar basis by the offsetting collections described under this heading so as to result in a final fiscal year appropriation from the General Fund estimated at $0.

Program Account

Amounts paid from ''United States International Development Finance Corporation—Corporate Capital Account'' (CCA) shall remain available until September 30, [2022] 2023 : Provided, [That up to $80,000,000 of] amounts paid to this account from CCA or transferred to this account pursuant to section 1434(j) of the BUILD Act of 2018 (division F of Public Law 115–254) shall be available for the costs of direct and guaranteed loans provided by the Corporation pursuant to section 1421(b) of such Act: Provided further, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That such amounts obligated in a fiscal year shall remain available for disbursement for the following 8 fiscal years: Provided further, That funds transferred to carry out the Foreign Assistance Act of 1961 pursuant to section 1434(j) of the BUILD Act of 2018 may remain available for obligation for 1 additional fiscal year: Provided further, That the total loan principal or guaranteed principal amount shall not exceed $10,000,000,000.

Transfer of Funds Authority

SEC. 7009. (b) LIMITATION ON TRANSFERS OF FUNDS BETWEEN AGENCIES.—

(1) IN GENERAL.—None of the funds made available under titles II through V of this Act may be transferred to any department, agency, or instrumentality of the United States Government, except pursuant to a transfer made by, or transfer authority provided in, this Act or any other appropriations Act.
(2) ALLOCATION AND TRANSFERS.—Notwithstanding paragraph (1), in addition to transfers made by, or authorized elsewhere in, this Act, funds appropriated by this Act to carry out the purposes of the Foreign Assistance Act of 1961 may be allocated or transferred to agencies of the United States Government pursuant to the provisions of sections 109, 610, and 632 of the Foreign Assistance Act of 1961, and section 1434(j) of the BUILD Act of 2018 (division F of Public Law 115–254).

(3) NOTIFICATION.—Any agreement entered into by the United States Agency for International Development or the Department of State with any department, agency, or instrumentality of the United States Government pursuant to section 632(b) of the Foreign Assistance Act of 1961 valued in excess of $1,000,000 and any agreement made pursuant to section 632(a) of such Act, with funds appropriated by this Act or prior Acts making appropriations for the Department of State, foreign operations, and related programs under the headings ''Global Health Programs'', ''Development Assistance'', ''Economic Support Fund'', and ''Assistance for Europe, Eurasia and Central Asia'' shall be subject to the regular notification procedures of the Committees on Appropriations: Provided, That the requirement in the previous sentence shall not apply to agreements entered into between USAID and the Depart- ment of State.

(c) UNITED STATES INTERNATIONAL DEVELOPMENT FINANCE CORPORATION.—

(1) LIMITATION.—Amounts transferred pursuant to section 1434(j) of the BUILD Act of 2018 (division F of Public Law 115–254) may only be transferred from funds made available under title III of this Act ~~[, and such amounts shall not exceed $50,000,000]:~~ Provided, That any such transfers shall be subject to

prior consultation with, and the regular notification procedures of, the Committees on Appropriations: Provided further, That the Secretary of State, the Administrator of the United States Agency for International Development, and the Chief Executive Officer of the United States International Development Finance Corporation (the Corporation), as appropriate, shall ensure that the programs funded by such transfers are coordinated with, and complement, foreign assistance programs implemented by the Department of State and USAID: Provided further, That no funds transferred pursuant to such authority may be used by the Corporation to post personnel abroad or for activities described in section 1421(c) of such Act.

(2) DEVELOPMENT CREDIT AUTHORITY ACCOUNT.—Funds transferred from the Development Credit Authority program account of the United States Agency for International Development to the Corporate Capital Account of the United States International Development Finance Corporation pursuant to section 1434(i) of the BUILD Act of 2018 (division F of Public Law 115–254) shall be transferred to, and merged with, such account, and may thereafter be deemed to meet any minimum funding requirements attributed for at the time of deposit into the Development Credit Authority program account.

Appendix B: Fiscal Year 2020 in Review

Sectoral Priorities

Critical Infrastructure, including ICT

DFC is committed to investments in critical infrastructure, including information and communications technology (ICT), to create jobs and foster economic growth. Examples of investments in critical infrastructure include roads, ports, power plants, transmission lines and port and harbor operations.

DFC is a key agency in the whole-of-government Digital Connectivity and Cybersecurity Partnership (DCCP) initiative. The DCCP is a worldwide effort begun by the U.S. government in July 2018 to promote open, reliable, and secure internet in the Indo-Pacific region. DFC supported the DCCP initiative in FY 2020 through a $190 million loan to Trans Pacific Networks (TPN). The loan to TPN supports the construction and operation of a 15,200 kilometer telecommunications cable directly connecting Singapore, Indonesia, and the United States and serving other markets in Southeast Asia and the Pacific. The TPN cable, with financing from DFC, will be the longest telecommunications cable in the world.

DFC is also supporting investments in critical infrastructure through its leading role with the Blue Dot Network (BDN). The BDN was officially launched by DFC at a November 2019 Indo-Pacific Business Forum in Bangkok, Thailand. It is a collaborative effort bringing together governments, the private sector, and civil society under shared standards for global infrastructure development. The BDN encourages investments in infrastructure that are open and inclusive, transparent, economically viable, financially, environmentally, and socially sustainable, and compliant with international standards, laws, and regulations. Projects may be certified by the BDN as a globally recognized symbol of market-driven, transparent, and financially sustainable development projects. Founding partners of the BDN included the United States, the Department of Foreign Affairs and Trade (DFAT) in Australia, and the Japanese Bank for International Cooperation (JBIC). Throughout FY 2020, DFC has conversed closely with other partners, such as Uzbekistan, about joining the BDN, and DFC looks forward to developing further the BDN with infrastructure investments in the near future.

Table I: Examples of DFC investments in critical infrastructure, including ICT, in FY 2020

Project Name	Country	Product	Amount	Description
Nouakchott Container Terminal	Mauritania	Insurance	$24.8 M	Development, construction, and operation of a new container and oil terminal in the port of Nouakchott expanding infrastructure capacity
Frontiir	Myanmar	Finance	$40.0 M	Expansion of a fixed wireless broadband network to provide internet service to households and SMEs improving ICT infrastructure in country
Asia Partners	Asia Regional	Equity	$25.0 M	Fund will invest in businesses introducing innovative technology platforms in Southeast Asia; investments will help reduce costs for SMEs, facilitate trade, and foster innovation

Energy

DFC investments in FY 2020 facilitated access to reliable and affordable energy and improved quality of life, business activity, food production, and access to healthcare and education. Coverage by DFC to the Solar Energy Transformation Fund for up to $6 million facilitated financing for the solar power production of telecommunication towers across the low-income country of the Central African Republic. A $50 million loan commitment by DFC is funding the development and construction of a 100 megawatt solar power project in Rajasthan, India. DFC energy projects, whether in the Sub-Saharan Africa, central Asia, or other locales around the globe, critically contribute to long-term social and economic development goals. Access to energy is integral to economic growth and inclusion in all countries.

DFC prioritized the U.S. National Security Strategy (NSS) goal of 'universal energy access' in FY 2020. DFC worked with partners to safeguard their economies through the diversification of energy sources, supplies, and routes. Such efforts lessen the likelihood of use of energy dependence as a coercion tool.

A key effort around energy in FY 2020 for DFC was a modernization of the nuclear energy policy. On July 23, 2020, DFC announced a change to its Environmental and Social Policy and Procedures (ESPP) to enable the support of nuclear power projects and align the definition of renewable energy with the United States Energy Information Administration's (EIA) definition. The announcement followed a 30-day public comment period on the proposed change and broad external engagement with stakeholders representing Congress, peer U.S. Government agencies, NGOs, and the private sector. The FY 2020 efforts to modernize DFC's nuclear energy policy are helping to deliver reliable and secure power sources to developing countries in future years.

> "I applaud DFC for moving forward with the implementation of a key recommendation of President Trump's Nuclear Fuel Working Group Strategy. Over the past three years, DOE officials have met with government and private industry around the world who are eager to import American civil nuclear technology, yet funding challenges prevented them from doing so as a result of OPIC's legacy ban on financing of nuclear projects. Reversing this ban is a commonsense action that will increase global energy security."
>
> - U.S Secretary of Energy Dan Brouillette

DFC continued in FY 2020 as a leading partner in Power Africa, an initiative led by the U.S. government to double access to electricity in sub-Saharan Africa. Efforts also occurred at DFC in FY 2020 to support the Asia Enhancing Development and Growth through Energy (EDGE) initiative in the Indo-Pacific.

Table II: Examples of DFC investments in energy in FY 2020

Project Name	Country	Product	Amount	Description
Sarsang Production Expansion	Iraq	Finance	$49.0 M	Construction, development, and operation of a new 25,000 barrels of oil per day production process facility in northern Kurdistan, Iraq

Gigawatt Global Burundi	Burundi	Insurance	$12.4	Construction and operations of a 7.5 MW solar power plant; country's first utility-scale solar plant by country's first independent producer

Healthcare

DFC is focused on creating a healthier world by investing in projects that help to address persistent healthcare challenges in the developing word. DFC worked in FY 2020 to mobilize private investment in hospitals, health clinics, and other projects expanding access to healthcare, clean water, and sanitation.

The Health and Prosperity Initiative is a new effort started by DFC in May 2020. The launch included a call for proposals from private sector entities seeking DFC support for health-related investments in developing countries. DFC seeks to invest between $5 million and $500 million per eligible project and commit up to an aggregate $2 billion across eligible projects through the Health and Prosperity Initiative. DFC also aims to mobilize an additional $3 billion in private sector capital alongside its investments.

Efforts continue at DFC with the Financing for Maternal Outcomes Matter (MOMs) Alliance. The Financing for MOMs Alliance began in June 2019 and is a collaboration between DFC, USAID, Merck, and Credit Suisse. The Alliance aims to mobilize up to $50 million to improve and expand infrastructure, services, and access to maternal and child health care in sub-Saharan Africa. The Financing for MOMs Alliance announced plans for its first investment in January at the 2020 World Economic Forum in Davos, Switzerland. The collaborative indicated interest in supporting LifeBank, a medical company delivering blood and oxygen to hospitals to support pregnant mothers and children in dire need. Due diligence and review continued throughout FY 2020 at DFC for the LifeBank transaction. There is strong hope that the first investment of the Financing for MOMs Alliance will occur early in FY 2021.

> "The availability of blood and other lifesaving products is essential for mothers facing distress during childbirth. Timely access to these products can be the difference between mothers watching their babies grow up or babies growing up without a mother. Through this partnership, we can help LifeBank provide crucial support to mothers, children, and families in Nigeria and across Africa."
>
> - Kathryn Kaufman, DFC Managing Director for Global Women's Issues

DFC aims to support COVID-19 relief projects through the Health and Prosperity Initiative and broader agency efforts to mitigate the impact of this unprecedented global pandemic. Already in the DFC portfolio, though are many projects currently engaged in efforts to assist with COVID-19 impacts. For example, OPIC financed a $4 million special lending vehicle to Azure Source Capital in FY 2018, and Azure, during the FY 2020 global pandemic, supported loans to small cities and rural communities for investments in water pumps, pipelines, and storage tanks to improve water supply and accessibility.

Table II: Examples of DFC investments in healthcare in FY 2020

Project Name	Country	Product	Amount	Description

Gamma Knife Center	Ecuador	Finance	$3.2 M	Acquisition and expansion of clinic with Gamma Knife radiosurgery to treat cancer
Gradian Health Systems	Africa Regional	Finance	$1.4	Guaranty to support distribution, installation, training, and servicing of medical devices for low-resource health clinics in Africa

Strategic Initiatives

América Crece (Growth in the Americas)

América Crece, or Growth in the Americas, is a U.S. government initiative seeking to catalyze private sector investment in infrastructure in Latin America and the Caribbean. It is a whole-of-government approach channeling the resources and expertise of many U.S. government agencies to help countries attract investment. América Crece began in 2018 with its focus on energy. On Dec. 17, 2019, though, the U.S. government announced the expansion of América Crece to encompass broader infrastructure needs.

The United States has signed nine Memorandums of Understanding (MOUs) with Latin American and Caribbean countries establishing frameworks for cooperation in support of the América Crece initiative. DFC CEO Adam Boehler joined Honduran President Juan Orlando Hernández on July 21, 2020 to sign a MOU between the United States and Honduras. CEO Boehler also announced DFC's intent to finance $1 billion of private sector investment in Honduras over the next three years. DFC is currently collaborating with IDB Invest on the Jilamito project to provide a steady power supply to La Ceiba, the third largest city in Honduras. In addition to the MOU signed with Honduras in the summer of FY 2020, the U.S. government has signed similar frameworks with Argentina, Brazil, Chile, Colombia, Ecuador, El Salvador, Honduras, Jamaica, and Panama in support of the América Crece economic engagement initiative.

> "DFC is proud to support the Honduran people during this time of need around the world. We appreciate the Government of Honduras's commitment to improve the business climate to facilitate investment and look forward to advancing our common goals through collaboration with the private sector. Public-private partnerships are fundamental to the strength of Honduras as a country and to the goals of América Crece."
>
> \- DFC CEO Adam Boehler

DFC investments in FY 2020 supported the América Crece initiative. A DFC loan of $200 million was approved in July 2020 for Banco Industrial in Guatemala. The loan will enable Banco Industrial to expand lending to Guatemala's SMEs which face a $14 billion credit gap limiting abilities to expand, increase revenues, or create jobs. The project will dedicate at least 30 percent of loan proceeds to women, and there will be a special emphasis on expanding capital access to rural borrowers across Guatemala.

Table I: Examples of FY 2020 DFC investments supporting América Crece initiative

Project Name	Country	Product	Amount	Description
Itaú Unibanco 2020	Brazil	Finance	$400 M	Loan proceeds to support expansion of SME loan portfolio with 35% to economically disadvantaged regions and 30% to 2X businesses

Banco Davivienda	Colombia	Finance	$250 M	Tier 2 subordinated loan to support lending to SMEs and low income housing with at least 30% of loan proceeds as 2X loans

Indo-Pacific

DFC is committed to advancing a free and open Indo-Pacific. The vast Indo-Pacific region stretches from India to Southeast Asia and the South Pacific and is home to more than half the world's population. DFC investments in the Indo-Pacific in FY 2020 contributed to advancements in trade, innovation, and technology and are actively helping the region transform into a global leader.

The Indo-Pacific region is of vital importance to the long-term strategic and economic interests of the United States. As of FY 2020, though, less than 20 percent of DFC's deployed capital was invested in the economies of the Indo-Pacific. DFC focused on foundational efforts in FY 2020 to shift resources and attention to the Indo-Pacific and set the stage for expansion in upcoming years.

DFC demonstrated its commitment to expanded efforts in the Indo-Pacific in FY 2020 through extensive in-person outreach throughout the region. Senior staff at DFC regularly traveled to the region for business development activities, and DFC CEO Boehler visited the growth markets of India, Vietnam, and Indonesia. DFC also solidified plans in FY 2020 to triple its operational footprint in the Indo-Pacific region. Whereas only one DFC officer was previously located in the Indo-Pacific, expansion will soon occur to three DFC officers in the Indo-Pacific in Singapore, Bangkok, and Mumbai. An additional DFC officer will be added in Jakarta in FY 2021.

DFC investments in the Indo-Pacific in FY 2020 included a $190 million loan to the Nevada-based Trans Pacific Network (TPN). The loan is helping finance the world's longest telecom cable connecting Singapore, Indonesia, and the United States and improving digital connectivity across the Indo-Pacific. DFC is committed to investments in secure telecommunications infrastructure in the Indo-Pacific.

DFC is helping shape the digital landscape in Southeast Asia through an up to $25 million investment in FY 2020 to support Asia Partners I LP. Asia Partners I LP is a fund investing in businesses introducing innovative technology platforms in Indonesia, Vietnam, the Philippines, and Malaysia. The investments by Asia Partners, supported by DFC, will reduce costs for SMEs, facilitate trade, and foster innovation.

DFC supported food security in the Indo-Pacific region in FY 2020 through a $10 million loan to Milk Mantra, a dairy company working with small farmers in northeast India. An additional $371 thousand was contributed by DFC to the Milk Mantra project for technical assistance (TA) to enhance the impact of the DFC loan. The TA will include farmer training, cattle health services, and a financial services program.

Table II: Examples of DFC investments in healthcare in FY 2020

Project Name	Country	Product	Amount	Description
Milk Mantra	India	Finance	$10.0 M	Expansion of a dairy company committed to ethical sourcing from smallholder farmers in northeast India
Goyol Cashmere	Mongolia	Finance	$5.0 M	Loan to help local producer of wool and cashmere knitwear construct a new factory and purchase equipment to expand production

Power Africa and Prosper Africa

Power Africa is a U.S. government-led partnership to increase access to power in sub-Saharan Africa. Over 170 public and private sector partners contribute to the Power Africa partnership, including African governments, the private sector, international organizations, NGOs, bilateral donors, and DFC. Power Africa, coordinated by USAID, began in 2013 and has helped bring 141 power generation deals to financial close with a generation capacity of over 11,123 megawatts and a value of over $22 billion.

A Power Africa transaction upon which DFC worked in FY 2020 was in Kenya, a country where only 60 percent of the rural population has access to electricity. DFC provided a direct loan of $20 million to support a $65 million financing mechanism from Solar Frontier Capital enabling local supply of solar home systems. By providing continued access to sustainable local currency financing, this Brighter Life Kenya project will bring affordable energy to 270,000 households in Kenya and about 1.2 million people.

DFC also worked on a Power Africa partnership transaction in FY 2020 in the Republic of Burundi. DFC is providing reinsurance to support the development and operation of Burundi's first utility-scale solar power plant by Burundi's first independent power producer. The reinsurance is provided to Liberty to increase underwriting capacity and support development in countries where investors have difficulty obtaining PRI. The Gigawatt Global Burundi project is expected to add 14 percent additional power generation capacity for the country, an especially important contribution because lack of steady and affordable electricity is viewed as a primary impediment to economic development in the country.

Prosper Africa

Prosper Africa is a U.S. government initiative launched in December 2018 to connect U.S. and African businesses with new buyers, suppliers, and investment opportunities, Over 15 U.S. government agencies, including DFC, are coordinating through Prosper Africa to unlock opportunities to do business in Africa, a continent with six of the ten fastest growing economies in the world and over one billion consumers.

DFC is a key participating agency of the Prosper Africa program, a whole-of-government initiative that seeks to substantially increase two-way trade and investment between the United States and Africa. In February, President Donald J. Trump selected DFC Chief Executive Officer Adam Boehler to serve as Executive Chairman of the program. DFC made several commitments under the Prosper Africa initiative, including a $14 million loan guaranty to World Business Capital that will expand lending to SMEs in Nigeria and an investment of up to $25 million to support SPE AIF I LP, a fund which will invest in expanding access to healthcare and education, strengthening supply chains, and streamlining logistics in North and Sub-Saharan Africa. As a part of the mission to support Prosper Africa's goals, in July, DFC announced that it is launching the Africa Investment Advisor Program, which establishes a regional team based in Africa. The team will equip DFC to more proactively advance investments and expand its portfolio in this priority region, enhancing deal sourcing and interagency coordination particularly as Africa continues to respond to both the health and economic fallout from the COVID-19 pandemic.

2X: Invest in Women. Invest in the World

The Overseas Private Investment Corporation (OPIC), now DFC, launched the 2X Initiative in March 2018, to address the many barriers which women in emerging markets and developing countries face in fully participating in their local economies.

DFC's 2X Women's Initiative has mobilized more than $3 billion in capital to businesses and funds owned by, led by, or supporting women. On August 6, 2020, DFC's CEO Adam Boehler joined Advisor to the President Ivanka Trump to announce DFC's intent to mobilize an additional $6 billion of private sector investment in global women's economic empowerment, also further advancing the W-GDP Initiative. DFC is also member of the 2X Challenge, as one of the original G7 Development Finance Institutions, which has collectively mobilized more than $4.5 billion toward women's economic empowerment.

As of early August 2020, DFC has closed on 95 2X deals to date with over 110 in the pipeline. As of FY19, DFC has reached over 1.5 million women.

2X and COVID-19

Because women are disproportionately impacted by crises, the COVID-19 pandemic has exacerbated several existing vulnerabilities for women, particularly as it relates to financial hardship, seeking access to capital, and health. Women are 3x more likely to be responsible for informal, unpaid sector work and home care; the credit gap and access to capital for women only increases during times of crises and has been considerable during the COVID pandemic; an increase in malnutrition and food security are threatening populations, significantly impacting women and children; the digital gender divide is notable and has a negative effect on women's ability to receive vital support and services – including access to critical cash transfer and disruptions for women entrepreneurs to transition to e-commerce or other digital platforms. For these reasons, DFC has taken swift action in response to the COVID-19 pandemic, particularly as it relates to responding to the disproportionate impact the crisis has had on women and their ability to seek access to capital. DFC has already executed two 2X COVID deals to date, with nearly thirty more in the pipeline.

How DFC is Investing in Women

2X has achieved significant progress:

- 2X Women's Initiative launched formally in March 2018 and announced our $1 billion global commitment. Since that time, DFC has mobilized more than $3 billion toward gender smart investments.
- 2X Americas was announced in April 2017 and committed OPIC to mobilize $500 million in the region. In 2019, OPIC CEO, David Bohigian, and Advisor to the President Ivanka Trump announced the doubling of the commitment of 2X Americas, increasing the mobilization target to $1 billion in the region. On August 6th, 2020, DFC hosted a virtual W-GDP 2X Americas event to highlight the successes of the 2X Initiative in Latin America and the Caribbean and to underscore the importance and results of gender lens investing and provide a platform to discuss public-private solutions to improve economic opportunity for women in the region. DFC's CEO Adam Boehler joined Advisor to the President Ivanka Trump to announce DFC's

intent to mobilize an additional $6 billion of private sector investment in global women's economic empowerment globally.

- 2X Challenge to launch G7 $3B DFI commitment in June 2018. The 2X Challenge has mobilized over $4.5 billion to gender smart investments.
- 2X joined the Gender Finance Collaborative in June 2018 to pursue global commitment to implement gender smart investment.
- Fund Mujer announcement of partnership with IDB Invest for the first-ever gender lens fund in Latin America in October 2018.
- 2X Africa launch occurred in April 2019 with an announcement of $1B commitment to continent. Advisor to the President Ivanka Trump made that announcement as part of the W-GDP whole-of-government approach to women's economic empowerment.
- 2X MOMs (Maternal Outcomes Matter alliance) was launched in June 2019 as a blended finance facility to improve maternal health outcome. Partners include DFC, Merck for Mothers, Credit Suisse and USAID.

Table II: Examples of DFC 2X investments in FY 2020

Project Name	Country	Product	Amount	Description
Root Capital	Worldwide	Finance	$35 M	Loan portfolio guaranty for agricultural cooperatives and SMEs supporting COVID-19 response efforts in countries worldwide
Banco Pichincha	Ecuador	Finance	$150 M	An up to $150 million direct loan to expand lending to MSMEs owned by, led by, or supporting women.
SEAF COVID-19 Emergency Loan Finance LLC	Worldwide	Finance	$20 M	Global loan facility to support emergency lending to SMEs in DFC-eligible countries that meet the 2X Women's Initiative criteria