Congressional Research Service
Informing the legislative debate since 1914

IN FOCUS

Updated August 29, 2025

U.S. International Development Finance Corporation (DFC)

DFC, a federal agency, uses financial tools to promote private investment in less-developed countries. Its purpose, by statute, is to mobilize private capital to advance U.S. development and foreign policy interests, taking into account its projects' economic and financial soundness (see **text box**). DFC's seven-year authorization is to expire in October 2025, after which DFC would need legislative action to issue new financing. In the context of debate over reauthorization and potential reform, Congress may consider DFC funding, leadership and structure, and role in the changing foreign policy and trade policy landscape.

DFC History and Authorizing Legislation

Two distinct but overlapping rationales emerged in Congress to establish DFC. One sought to enhance U.S. development finance impact. A second focused on expanding U.S. policy tools to counter China and its "One Belt, One Road" initiative. Launched in late 2019, DFC is authorized by the Better Utilization of Investments Leading to Development Act of 2018 (BUILD Act, Div. F of P.L. 115-254, 22 U.S.C. §§9612 et seq.). This law replaced the Overseas Private Investment Corporation (OPIC) with DFC and transferred the Development Credit Authority (DCA) from the U.S. Agency for International Development (USAID) to DFC. It gave DFC new functions (e.g., equity), a larger financing cap ($60 billion), and a multiyear authorization.

Overview

Organization. The BUILD Act vests all DFC powers in a Board of Directors with presidentially appointed and Senate-confirmed members. The Board's nine statutory positions are held by the Chief Executive Officer (CEO); the Secretaries of State, the Treasury, and Commerce; the USAID Administrator; and four nongovernment members (three-year terms, renewable once). The Secretary of State is Board Chair, and the USAID Administrator is Vice Chair. In addition, by statute, DFC operates under the Secretary of State's general foreign policy guidance. The Board is to meet quarterly, and a quorum is five members. The Board has delegated some approval and oversight powers to the CEO. The Board has eight positions filled, including an Acting CEO and the Secretary of State dual-hatted as Chair and Vice Chair. President Trump's nomination of Benjamin Black to be CEO is pending Senate consideration. Other officers by statute include the Deputy CEO and Inspector General (IG), who are presidentially appointed and Senate-confirmed, and Chief Risk Officer and Chief Development Officer, who are CEO-appointed and Board-approved (USAID Administrator concurrence is required for the latter). DFC has both reorganized internally and created other issue-specific positions without legislative action.

Tools. DFC is authorized to provide the following:

- *Direct loans and loan guarantees*, with transactions up to $1 billion for 5- to 25-year terms for projects and investment funds, subject to federal credit law.
- *Political risk insurance* coverage of up to $1 billion against losses due to risks such as currency inconvertibility, expropriation, and political violence; and *reinsurance* to increase underwriting capacity.
- *Equity investment* in projects or investment funds, with limits of 30% of any project's equity value and 35% of DFC's portfolio-wide financing cap.
- Grant-based *feasibility studies* and *technical assistance* to support identification and preparation of projects, usually to increase development impact or commercial sustainability; DFC aims to share costs with recipients.

DFC activities are backed by the U.S. government's full faith and credit. DFC is to charge loan interest, insurance premiums, and other fees for its products, minimizing cost to the government. Prospective clients generally submit an application that DFC assesses against its policies and priorities. DFC occasionally issues sector-specific requests for proposals. Use of DFC depends on client demand.

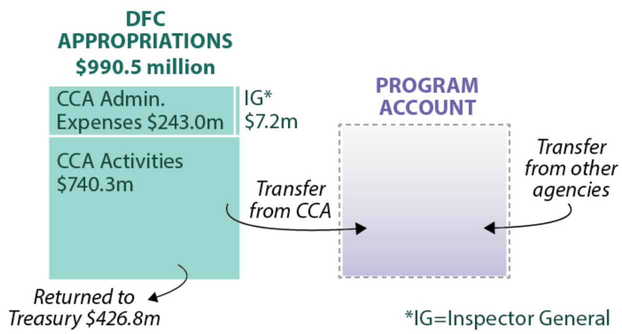
Financing Parameters. The BUILD Act sets requirements and limitations for DFC activity by country and by project. DFC must prioritize support for low- and lower-middle-income economies. It may provide support in upper-middle-income economies if such support is certified to advance U.S. economic or foreign policy interests and is designed for development impact. Energy projects in parts of Europe and Eurasia are exempted from these limitations (P.L. 116-94, Div. P, Title XX). DFC must complement, not displace, private capital. It also must favor projects involving U.S. persons, and consider environmental and social impact, worker rights, human rights, and countries' compliance with trade obligations and embrace of private enterprise.

DFC administers internal policies to implement statutory requirements and advance executive priorities. Corporate bylaws and Board-passed resolutions guide DFC management and structure. Its Environmental and Social Policy and Procedures (ESPP) outline DFC's approach to assessing applications and monitoring active projects. DFC has also set certain financing restrictions, such as a net-zero carbon emissions target by 2040 under the Biden Administration. DFC has used an "Impact Quotient" (IQ) tool to quantitatively assess likely development impact. IQ details do not appear to be profiled on DFC's website, to date. A 2023 Transparency Policy guides DFC's public information processes. DFC monitors projects for credit risks and other issues. DFC's FY2022-2026 strategic plan is oriented on four goals: private sector outreach, development impact, internal performance, and scaling up operations.

Recent Funding and Activity. Congress funds DFC through a Corporate Capital Account (CCA), which includes both appropriations and collections (e.g., fees, interest). DFC also has a "program account," which finances most DFC credit activities and has been composed of transfers from the CCA and other agencies. For each of

FY2024 and FY2025, DFC received $990.5 million in base appropriations, with $426.8 million in revenues as offsetting collections, being credited to the Treasury for a final effective appropriation of $563.7 million (see **Figure 1**). For FY2026, the Trump Administration requested $810.2 million in base DFC funding, 18.2% less than the FY2025 enacted level ($230.0 million for administrative expenses, $573.0 million for programs, and $7.2 million for the IG), and separately $3.0 billion in "mandatory" funding to "expand DFC's equity tool for strategic investments."

Figure 1. DFC Annual Funding: FY2024 and FY2025



Source: CRS, based on P.L. 118-47 and P.L. 119-4.
Note: Congress enacted DFC funding for FY2025 at FY2024 levels.

In FY2024, DFC committed $12 billion for 181 new transactions in 44 economies. Its active portfolio was nearly double the $26 billion that it inherited from OPIC (see **Figure 2**). DFC has supported multiple issue-focused efforts. Examples have been DFC-specific (the 2X Women's initiative), interagency (Power Africa), and international (on health with other countries). Since 2023, DFC has updated its ESPP, reorganized its units by sectors rather than tools, and opened new overseas offices.

Figure 2. DFC-Reported Active Portfolio, by Region

Source: CRS, with data as reported in DFC, *FY2024 Annual Report*.
Note: Amounts in current U.S. $ billions. Hem. = Hemisphere, Cent. = Central, MENA = Middle East & North Africa.

Under the second Trump Administration, DFC shows a marked slowdown in project approvals, with two approvals at its FY2025 third quarter Board meeting, compared with 42 at the same meeting in FY2024. Some Administration steps indicate DFC activity may accelerate in coming months. In March, President Trump delegated authority to DFC under the Defense Production Act (DPA), the same authority he used in his first term for COVID-19 responses, to finance domestic mineral production. In April, the Administration announced that the Treasury would work with DFC and Ukraine to establish a U.S.-Ukraine Reconstruction Investment Fund, for natural resource projects in Ukraine. DFC issued a request for information on fund management. The FY2026 budget request seeks DFC funding to advance U.S. foreign policy, national security, and economic statecraft interests by prioritizing investments in critical minerals, supply chains, energy, technology, infrastructure, and countering China.

Select Issues for Congress

As DFC's authorization sunset approaches, the 119th Congress faces questions of agency funding, staffing, priorities, and authorities. Members could consider a "clean reauthorization" without changes beyond the sunset date, reform and renewal of the agency's authorities (e.g., 118th Cong., H.R. 8926), or termination of DFC. Congress may also act through appropriations legislation, which has been used to require reporting, direct sector priorities, and set agency decisionmaking guardrails. Senate consent or rejection of DFC leadership nominees may also influence DFC direction. Possible issues include the following:

Foreign Affairs Institutional Overhaul. The Trump Administration announced a broad freeze, review, and restructuring of U.S. foreign assistance, including the abolishment of USAID. Some stakeholders have also proposed moving some aid agencies, or parts of them, into DFC. Members may assess whether such steps require congressional action and contemplate how DFC fits in the foreign affairs interagency process, as well as whether DFC's existing authorities and structure require adjustment to accommodate any foreign affairs institutional changes. For example, Members may assess whether abolishing USAID prompts DFC Board changes, given that the USAID Administrator is to be the DFC Board Vice Chair. They also may seek clarity on the pace of DFC's project approvals and set annual investment targets.

Mandates. Under policies branded as an "America First" agenda, President Trump has directed that all foreign assistance align with the President's foreign policy, including to "champion core American interests," and has sought to reshore investments and strengthen U.S. supply chains. Congress may consider whether such actions align or diverge with U.S. policy in the BUILD Act. Members supportive of the President's actions may consider modifying the BUILD Act to allow DFC financing in the United States and in other high-income economies. Members prioritizing DFC's development mandate may oppose allowing investments in high-income economies.

Financing Parameters. Some Members have sought to steer DFC activities toward BUILD Act objectives, such as countering strategic competitors' economic influence and fostering development impact overseas. They may calibrate DFC's financing parameters to balance those aims, such as by limiting support for projects that do not counter financing by China, or targeting highly developmental projects. They also may assess these parameters against the Trump Administration's priorities (e.g., to assess DFC's screening of countries for trade obligation compliance against the Administration's focus on "unfair" trade practices).

Equity. Federal accounting practice requires DFC to set aside more funds for equity activity than for lending. Some voice concern that this process limits DFC's use of equity, a tool which they argue enables DFC to partner more easily with early-stage firms. Others argue adjusting budget treatment of equity investment may not align with federal accounting principles. Legislative options include to score DFC equity similar to loans or enact equity-specific appropriations (S.Amdt. 3658 to S. 2296, 119th Cong.).

Nick M. Brown, Analyst in Foreign Assistance

Shayerah I. Akhtar, Specialist in International Trade and Finance

IF11436

Disclaimer