CONGRESSIONAL BUDGET JUSTIFICATION

Fiscal Year 2023

U.S. International Development Finance Corporation

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Executive Summary

In Fiscal Year 2023, U.S. International Development Finance Corporation (DFC), the USG's newest agency, intends to substantially grow its portfolio and mobilize additional capital to fulfill its mandate, in particular by financing high-quality infrastructure in the developing world. DFC's tools strategically support private sector-led growth and mobilize additional sources of capital. In key markets across Asia, sub-Saharan Africa, Latin America, and beyond, this work makes real developmental impacts while supporting our foreign policy goals. DFC is one key component of the U.S. commitment to ensure developing countries pursuing transformational economic and infrastructure development have a positive, democratic alternative to state-directed investments by authoritarian governments.

The organization is a key part of delivering on the President's Build Back Better World (B3W) Initiative. This initiative, executed in partnership with G7 countries, will focus on key pillars, including climate, health and health security, digital technology, and gender equity and inclusive growth. These pillars are aligned with DFC's core mission of partnering with the private sector to advance economic development in low and lower middle-income countries. DFC will continue to prioritize investments in these market sectors along with numerous others where DFC investments can drive impact, including but not limited to housing, education, water and sanitation, food security and agriculture, physical infrastructure, and energy.

For Fiscal Year 2023, DFC requests a budget of $1 billion, consisting of $780 million in program funds and $220 million for administrative expenses[1]. The $780 million 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 will help ensure that DFC can achieve the scale necessary to meet our mobilization goals and tackle the complex problems facing the developing world, including climate change, the COVID-19 pandemic, and gender inequality. DFC will engage and mobilize its public and private sector counterparts to meet these challenges as part of a whole-of-government approach.

DFC's programs in key areas such as microfinance, securing telecommunications, and infrastructure ensure that private sector investment meets its full potential for creating opportunity and growth in the developing world.

Program Budget and Priorities

The FY 2023 program budget request of $780 million will enable DFC to grow its portfolio by addressing the significant unmet financing needs in key sectors, such as those identified by the President's B3W goals, and regions that align with United States development and foreign policy objectives. 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 advance several core DFC and Administration priorities (non-exhaustive):

- **Climate and the Just Transition:** Recognizing the disparate impacts of climate change around the world, DFC will use its investment tools to support projects that help mitigate climate pollution and those that strengthen the resilience of the most vulnerable global communities to

[1] This includes funding for Project Specific Transaction Costs

help them adapt to the impacts of climate change, and to ensure a just transition to a clean energy economy. It will also seek to strengthen global agricultural value chains by investing in projects that help farmers increase yields, increase climate resilience, reduce food waste, and expand exports.

- **Health:** DFC will continue to support the international response to COVID-19 and remains committed to working with the private sector to strengthen and build resilient healthcare supply chains, and to expand access to affordable, quality healthcare delivery services and lifesaving treatments. DFC will continue to work with the private sector to expand access to clean drinking water and improved sanitation in schools and healthcare facilities.

- **Gender Equity:** DFC's 2X Women's Initiative is committed to addressing the unique challenges women face globally and unlocking the multi-trillion-dollar opportunity they represent. DFC applies a gender lens to every project it considers to help make sure that women will benefit. In doing so, DFC prioritizes those areas that are proven to have an outsized positive impact on women: climate change, water, infrastructure, technology, healthcare, food security, and small and medium-sized women-owned businesses.

- **Information and Communications Technology:** Closing the 'digital divide' between those with internet access and those without is a priority for DFC. DFC will support information and communications technology (ICT) projects that make broadband services more affordable and thus more accessible to unserved and underserved communities. Increased connectivity not only spurs economic growth and integration in markets, but also delivers transformative opportunities across sectors, including financial services (fintech), government, health and education.

- **Inclusive Growth:** Across every investment DFC considers, DFC will prioritize projects with high developmental impact in low-income and lower middle-income countries, with a focus on accelerating economic growth in indigenous and underserved communities to reduce extreme poverty and income inequality.

- **Regional Focus Areas:** DFC will seek to grow its portfolio of catalytic investments across all the regions in which it operates: Africa, the Indo-Pacific region, Latin America, the Middle East and North Africa (MENA), and Eurasia. It will drive broad-based values, private sector-led growth that expands economic opportunity and advances U.S. development and strategic objectives specific to each region. These development and strategic objectives will support regional priorities identified in conjunction with its interagency partners, including the Eurasian energy sector, small and medium enterprises in the West Bank and Gaza, and healthcare systems strengthening in Africa.

Administrative Budget

DFC requests $220 million for FY 2023 for administrative expenses and project-specific transaction costs. This request will primarily support increased staffing and other support costs needed to advance the President's B3W goals across the sectors. DFC will use the administrative budget to implement innovative and effective programs and partnerships, to foster an effective and efficient 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 foster a whole-of-government approach to development. There are also critical efforts at DFC to strengthen partnerships with other Development Finance Institutions, international finance institutions, non-governmental organizations (NGOs), and think tanks to maximize cooperation and development impact.

DFC is committed to all efforts to foster an effective, efficient, and inclusive organization. DFC seeks to empower staff to create a productive and positive work environment, and the organization is committed to attracting and retaining the skilled and diverse personnel it needs to achieve its development and foreign policy objectives. DFC will direct program resources toward expanding stakeholder engagement and increasing the number of women and minority-owned U.S. businesses that receive DFC project support and financing. Administrative resources will enable the agency to strengthen management and oversight structures for complex transactions, ensuring that DFC can identify risks, make prudent decisions, monitor results, and maximize the policy and developmental value of DFC's portfolio.

While DFC is managing its internal operations, DFC is focused on identifying new private sector partners by expanding client outreach and providing effective customer service to project sponsors. Only with a broad base of clients across all sectors and geographies can, DFC play a leadership role on the global development stage and source strategically significant deals.

Growing the Quality and Quantity of DFC's Investments

With more flexibility and a higher investment cap granted through the BUILD Act, DFC is positioned to deploy more capital, support more transactions, and have an even greater impact in the developing world. DFC's investment tools provide a critical bridge between federal resources and dynamic private sector-driven development. The organization mobilizes private capital in a sustainable and transparent way that upholds the highest social and environmental standards, reinforces good governance and transparent legal and regulatory systems, avoids unsustainable debt levels, promotes inclusion, and encourages and contributes to sustainable and broad-based economic growth. DFC recognizes the importance of its approach as an alternative to the model offered by strategic competitors like the PRC and the power of working in lock step with partners and allies.

Equity Investments

Equity is a key authority for achieving developmental and strategic outcomes. Equity is often an effective investment tool for earlier stage companies that offer a promising solution or innovative technology but are not in a position to take on debt. Additionally, through equity, DFC can meet the demand for longer-term capital that the private sector requires, as well as mobilize more private capital than debt financing, to make more impactful investment in the most underdeveloped and fragile states.

Mobilize Private Investment

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 resources to promote job creation and economic growth that serve as stabilizing forces in developing countries. 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 offers financing and other innovative financial products that drive private capital investment in challenging emerging markets to address local needs. DFC offers loans, guarantees, equity investments, political risk insurance, and grants for technical assistance and feasibility studies to help catalyze significant amounts of private capital into emerging markets. This backing is essential to mobilizing private investment in key sectors such as infrastructure, power generation, healthcare, and food security. These investments improve the quality of life of millions, laying the groundwork for economic growth, and helping women and other underserved communities access credit.

Collaborate with Partners to Maximize Impact

DFC is creating valuable partnerships with other U.S. federal agencies, development finance institutions, NGOs, think tanks, and the private sector to maximize development impact. DFC recognizes that non-government stakeholders play a critical advisory and partnership role. DFC's partnership with the U.S.-African Development Foundation to catalyze small business investments, DFC's Development Advisory Council and its close collaboration between USAID and DFC's Mission Transaction Unit are all examples of these critical partnerships.

DFC leverages the expertise and thought leadership that outside stakeholders provide to advance its development mandate. DFC and many foundations share a common mission but bring different resources and tools to the table. DFC will continue to leverage expertise and grant funding from foundations to expand its impact. DFC values the resources non-government stakeholders bring to the table including research, sector expertise, and regional presence.

DFC FY 2023 Goals and Priorities

DFC's goals and priorities for FY 2023 include advancing foreign policy, addressing the climate crisis, strengthening global health, and promoting inclusive growth. DFC makes America a stronger and more competitive leader on the global development stage. It increases the ability of the United States to partner with allies on transformative projects that offer a sustainable, democratic, and inclusive approach to development.

DFC is authorized to invest in more than 100 countries in Africa, Asia, Eurasia, Latin America, and MENA to address a broad range of challenges these regions face. Regions of particular focus include sub-Saharan Africa, Southeast Asia and the Pacific Islands, and the Northern Triangle — all of which are home to both persistent development challenges and growing opportunities for potentially transformative private sector-led economic growth. Notably, DFC is working to promote energy security and independence in Europe and Eurasia, which is a key foreign policy priority that has only become more urgent in light of Russia's further invasion of Ukraine. DFC will also continue to prioritize the implementation of the Joint Investment for Peace Initiative focused on developing the Palestinian private sector economy, and particularly those projects that deepen economic cooperation between Palestinians and Israelis.

Drive Private Capital Toward U.S. Foreign Policy Objectives

DFC investment in critical sectors like climate, food security, agriculture, and global health not only helps improve livelihoods for those most in need, but also has direct implications for the health and security of Americans themselves. DFC is increasing its efforts to support transformative projects that will increase energy independence in Europe, leveraging authorities under the European Energy Security and Diversification Act (EESDA). By investing in vaccine manufacturing around the world, DFC will help countries be more prepared for future pandemics and other health crises. By investing in climate solutions, DFC can help communities mitigate and adapt to extreme weather that might otherwise lead to displacement and migration. By investing in food security, DFC helps prevent malnutrition and hunger, key drivers of refugee flows and instability around the world. DFC's focus on development in low-income and lower-middle income countries promotes global stability in a way that upholds democratic values and advances high social and environmental standards. For example, DFC's efforts to support private sector-led development in the Northern Triangle region of Central America are an important component of the whole-of-government effort to address the root causes of migration by creating sustainable economic opportunity in the region.

DFC's investments advance American values including transparency, respect for the environment, economic inclusivity, and good governance. The organization works with private sector partners to develop projects that are financially sustainable and coordinates directly with other U.S. government entities and agencies, including National Security Council (NSC), State, and USAID, to ensure the corporation's work supports U.S. foreign policy priorities. DFC adheres to the high standards of international financial institutions related to governance. DFC operates transparently, ensures debt sustainability, and respects internationally recognized environmental and social safeguards.

Access to Reliable Energy While Addressing the Climate Crisis

The devastating impacts of climate change are already here and are felt most severely in the places that can least afford to adapt. Climate change has a disproportionate impact on developing countries, which are often more vulnerable to natural hazards given existing challenges with poverty, food insecurity, lack of access to energy and connectivity. DFC's development mandate, combined with its diverse financing tools, makes the agency an essential component of the United States ability to confront the climate crisis in developing countries and, by extension, globally.

President Biden has asked DFC to play a key role in the Build Back Better World (B3W) initiative which includes mobilizing private-sector capital in climate change adaptation in developing nations. DFC's goals are centered around the following pillars:

- **Investing in Adaptation and Resilience.** With the disastrous impacts of climate change already being felt around the world, adaptation projects ensure that communities can cope and build necessary resilience. Building on DFC's strong track record and expertise in supporting access to reliable energy while addressing the climate crisis, DFC aims to prioritize sectors including agriculture, sustainable forestry, conservation, and water management to strengthen food and water security in support of DFC's development strategy, the Roadmap for Impact.

- **Building a Cutting-Edge Climate Portfolio.** Climate investments have the potential to address a series of intersecting and highly strategic priorities. DFC's climate investments can achieve key strategic interests—such as diversifying global supply chains, achieving universal energy access, or highlighting the U.S. Government's ability to finance cutting-edge climate technology in emerging markets.

- **Mobilizing Climate Capital.** Mobilizing additional capital is imperative to addressing climate change. Investment needs far exceed public budgets globally, so attracting private financial flows is essential to DFC's approach. Given that adaptation and resilience investments are more challenging to monetize compared to mitigation, DFC can work to support blended finance key to scaled impact, especially in riskier markets.

DFC has laid a foundation to drive the Administration's ambitions on international climate finance. By identifying the right opportunities for financing and enabling private sector investment in climate solutions, DFC aims to take advantage of a rapidly closing window of opportunity to tackle climate change globally, while continuing to support sustainable economic growth in developing countries.

Health and Leading an Urgent, Effective, and Compassionate Response to COVID-19

With additional resources, DFC will have the ability to mobilize the private sector to help counter the calamitous consequences of the COVID-19 pandemic; create strong, diverse and resilient healthcare systems and supply chains; and advance President Biden's vision of helping women and the most vulnerable populations access to affordable and quality health care. Even prior to the pandemic, to meet the United Nations Sustainable Development Goal 3, Good Health and Well-being, the global health funding gap was $134 billion and ballooning to $371 billion by 2030. Development finance can help close this gap. Additionally, development finance can strengthen global health systems by investing in ancillary factors that impact global health such as water, sanitation, and hygiene (WASH) and food and nutrition.

To create more sustainable and resilient health systems, DFC will prioritize projects focused on increasing access to health services through digital tools, data analytics, and IT solutions, including telemedicine. DFC is also focusing efforts on diagnostics, disease detection and surveillance for both infectious and non-communicable diseases in low-income and lower-middle income countries.

Under President Biden's leadership, and in cooperation with Health and Human Services (HHS), USAID, State, and the NSC, DFC will also undertake an ambitious and impactful COVID-response effort. Combatting the COVID-19 pandemic will require a global response that will expand vaccine manufacturing capacity and distribution in low-income and lower-middle income countries.

DFC is therefore playing a key role in the Biden Administration's efforts to build permanent, sustainable, and diversified manufacturing capacity around the world to help developing countries access more vaccines and prepare for future pandemics. With DFC's support, hundreds of millions of additional vaccine doses will be manufactured and distributed in India and countries within Africa; DFC has set a target of supporting the manufacturing capacity of up to two billion doses of COVID-19 and other routine vaccines. The Corporation is also working to expand access to critical therapeutics, diagnostics, and medical equipment designed for low-resource environments, and bolster liquidity for struggling small and medium health enterprises to allow them to continue to operate.

Addressing Gender Inequality by Unlocking the Cascading Benefits of Investing in Women and Girls

One of the most effective ways that DFC can expand its impact is by increasing its investment in projects that support women's economic empowerment. The Corporation recognizes the critical importance of women's full participation in economic life, and the significant opportunity they represent for investors. When women earn more income, they tend to save and invest more in areas such as housing, healthcare, education, and in small businesses, bringing benefits to their own households and communities, and contributing significantly to national economies.

DFC is a leader in gender lens investing. Since the launch of its 2X Women's Initiative in 2018, the agency has catalyzed over $13 billion of investments in projects that are owned or led by women, that support meaningful employment for women, especially in leadership positions, or that provide products or services that disproportionately benefit women. This reflects the Corporation's commitment to gender equity, addressing the gender-specific challenges women face globally and unlocking the multi-trillion dollar opportunity they represent.

Having consistently surpassed its targets over the past three years, DFC announced a new, ambitious commitment in July 2021 to mobilize an additional $12 billion by 2025 in businesses that advance gender equity, and to reach 15 million women and girls, including those from marginalized communities and those who live in fragile and post-conflict settings.

As one of the founders of the 2X Challenge, DFC led other G7 countries to commit to invest in women's economic empowerment and gender equity. The criteria that which DFC helped to establish under the Challenge are now widely recognized as the gold standard for gender-lens investors.

In FY 2023, DFC will build on this strong foundation, aligning its efforts to reflect the emphasis placed on gender equity by the Administration, as outlined in the National Strategy for Gender Equity and Equality, the Women's Economic Security Strategy, and the B3W Initiative. DFC will prioritize investments in women-owned and led businesses and businesses that incorporate gender-inclusive practices and will place a strong emphasis on technical assistance to clients to bolster capacity in implementing gender inclusive practices. These include strengthening climate and gender-smart investments that support gender equity, strengthening investments in a care economy that supports women's meaningful participation in the workplace, and building understanding of the intersection between gender and various forms of social marginalization. The last includes identifying concrete action steps for promoting equality, diversity, and inclusion in the private sector context – leveraging the resources DFC has already mobilized in supporting women and girls from marginalized communities and those that live in fragile and post-conflict settings.

DFC will also continue seeking opportunities to collaborate with its global and interagency partners across these strategic priorities. For example, the agency is engaging with its 2X Collaborative DFI partners in identifying opportunities to support women fund managers, shape climate and gender smart investment approaches, and support the women who work in the Care economy. DFC will also continue collaboration with State Department, USAID, MCC, and other interagency partners to leverage investments in the above areas. In partnership with FinDev Canada and Dutch Entrepreneurial Development Bank (FMO), DFC is sponsoring a study to support building a framework for assessing intersectionality and opportunities to enhance fair representation, diversity, equity and inclusion in investments in the private sector.

Increased budget resources and will allow DFC to make more catalytic investments in projects that accelerate the significant positive impacts associated with the full participation of women and girls in global economic activity. Only 15 percent of investment funds globally are run by gender-diverse teams. DFC is committed to changing this picture by investing in private equity funds run by diverse, local fund managers. However, DFC's ability to increase such investments is constrained by the current level of program funds available to invest in equity. DFC's FY 2023 funding request will allow expansion of investments, helping to advance the Biden Administration's gender equity priorities.

Inclusive Growth

DFC prioritizes projects with high developmental impact in low-income and lower-middle income countries and is focused on reaching underserved populations. Fostering inclusive economic growth requires addressing a major inhibitor of social and economic development: limited access of individuals and MSMEs (micro, small and medium enterprises) to financial services and capital. In many low-income and lower-middle income countries, women, refugees, microenterprise owners, indigenous communities, 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 significant track record utilizing its loan and guarantee products to improve access to capital for women and other underserved populations to help them start and grow businesses, acquire housing, pay for education, access healthcare, and other essential services.

Increasing Access to Digital Services and ICT Networks

Investments in affordable, reliable, and trusted technologies are a powerful engine of prosperity and stability in the developing world. Research shows that increases in broadband penetration boost economic growth rates. Increased connectivity puts technology-enabled services within reach of new consumers, expanding access to financial services, healthcare, and education, and makes businesses and governments more efficient and secure. Yet many developing countries face a substantial digital divide due to the high costs of internet services and devices.

DFC is helping increase access in the developing world to critical information and communications technology (ICT) networks and technology-enabled services. DFC's investments in ICT infrastructure and networks reduce the cost of internet access, making broadband more affordable across whole economies. DFC's support for technology-enabled businesses unlocks access to financial services (e.g. fintech), trade, business development, and information. ICT projects account for $1 billion of DFC's portfolio.

Additional budgetary resources would allow DFC to partner with private businesses to build the infrastructure and provide the services required to bolster access to the next generation of ICT networks in developing countries. With additional ICT experts and staff in the field, DFC would also be able to better drive U.S. efforts to support open, interoperable, secure, and reliable technology in global networks. DFC already has a strong track record in this area. For example, DFC has financed a scalable wireless internet network to serve hard-to-reach customers in Kenya, supported the construction and expansion of data centers in South Africa and Kenya, and provided a loan to develop and operate a fiber-optic cable from Southeast Asia and Pacific Islands to the United States.

DFC is committed to bringing down the cost of the internet globally by supporting private sector investment in internet and mobile service operators, telecommunications towers, fiber optic and subsea cables, and data centers. DFC only finances the use of open, interoperable, secure, and reliable ICT infrastructure. By providing a transparent alternative to opaque technology and financing options for global network operators, DFC's investments in infrastructure are helping its partners build prosperous, sustainable futures free from malign influences.

Throughout the developing world, financial technology (fintech) has already begun to transform the financial services industry and expand access to financial services. 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 less developed countries by investing in fintech solutions that address the needs of underserved populations.

Rigorously Measuring and Communicating DFC’s Development Impacts

DFC is committed to investing in projects with a strong focus on low-income and lower-middle income countries and underserved communities. This work encompasses a broad range of issues from food insecurity, to energy poverty, to causes of migration. DFC works to expand access to food, energy, healthcare, technology, modern infrastructure, and financial services.

When DFC was created through the BUILD Act, it was directed to create a modernized development impact measurement tool. In 2020, DFC launched the Impact Quotient (IQ) framework to monitor and measure the development impact of every project it supports, across multiple categories including growth to the local economy, inclusion of underserved populations, and the innovation that is supported through the introduction of new products, services, or the financial structure of the deal. DFC continues to implement and refine the IQ framework to improve its ability to measure impact.

DFC is communicating its development mission by expanding its approach to business development and building on strong relationships with existing clients. DFC is increasing stakeholder engagement to bring in new clients to pursue the most developmental opportunities. These expanded engagements include townhalls in emerging markets to educate local businesses about the ways DFC may support them.

Additional budgetary resources will support DFC’s ability to expand the uses of its IQ framework to monitor and measure the development impact of every project it supports over the life of the project, to assess the long-term impact, and to use the data it collects to make adjustments to improve the impact of individual projects and inform future investments to further advance DFC’s development objectives.

DFC will evaluate priority sectors on a portfolio basis to understand where its impacts are greatest, what challenges inhibit anticipated impacts from occurring and what lessons can be learned from assessing a sector or region as a whole.

FY 2023 DFC Budget Request

DFC requests $1 billion in FY 2023. This includes $220 million for administrative expenses including project-specific transaction costs and $780 million in program funds, to be flexibly allocated among credit subsidy, grants, technical assistance, and special projects and programs. DFC proposes continued broad flexibility to accept transfer funds to DFC from multiple accounts. The amount is requested as an uncapped transfer authority in order to provide flexibility to the interagency collaboration.

($ in Thousands)	FY 2021 Actual	FY 2022 Enacted	FY 2023 Request	Change from FY 2022 Request
U.S. International Development Finance Corporation	128,693	305,000	550,000	245,000
Subtotal, Admin/IG/ Program	569,000	698,000	1,000,000	302,000
Administrative Expenses	119,000	198,000	220,000	22,000
Program	450,000	500,000	780,000	280,000
Offsetting Collections	-440,307	-393,000	-450,000	-57,000
Other	[50,000]	[50,000]	[-]	[-]
Complementary Programming and/or Transfers from State/USAID Economic Support and Development Funds	[50,000]	[-50,000]	[-]	[-]

Administrative Expenses

As DFC builds towards its authorized portfolio of $60 billion, it will require substantial administrative support. DFC is stretching in every respect to advance the Biden Administration's agenda on multiple fronts from climate to COVID-19. Early in the new Administration's term, the leadership team of political and career officials conducted an analysis on how to mobilize additional capital and maximize DFC's development and impact with its existing resources and took actions to remove bottlenecks and streamline processes. Even with these actions, however, the organization still faces a number of internal and external constraints that will likely slow or prevent the realization of DFC's goals. To address these issues the Corporation requires administrative funding to fully utilize its development finance capabilities and serve as both a development and a foreign policy tool in coordination with the private sector.

DFC leadership and staff have used existing resources to expand impact, both by growing the portfolio and making use of new tools such as foreign currency and equity, mindful of the need to manage the flow of transactions and the resulting portfolio prudently and effectively. Already DFC has streamlined its operations by positioning policy experts within the departments that originate transactions, ensuring that policy priorities are integrated into the deal making. For example, when DFC identified long lead times on Know Your Client analysis as an internal bottleneck, it acquired access to a new system that consolidates data from multiple sources and eliminates hours of manual work. In the case of climate expertise, DFC has brought on experts who can work alongside the deal teams to identify and help prioritize those with greater potential and then quickly identify ways to validate the technical merits. Nevertheless, DFC still faces numerous constraints to maximize its impact and meet the President's B3W and climate goals.

DFC will continue to work closely with USAID missions to provide the financing tools that are a critical complement to USAID's 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 USAID 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 increasing the impact of its portfolio and more effectively monitoring and adjusting its global project portfolio throughout the world.

The FY 2023 budget request is $220 million for Administrative Resources. The increase in funding is detailed below and will primarily support increased staffing and other support costs needed to advance the President's agenda.

Table I: Summary of requested increases for FY 2023 vs. FY 2022 Enacted

	FY 2023 Increase *$ in millions*
Transaction Origination Resources	8.5
Implementing Resources	4
Development Monitoring and Evaluation	4.5
Technology	4
Oversight (CDO/CRO/Office of Accountability)	1
Total	**$ 22**

The request supports additional hiring 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.

Transaction Origination Resources

DFC's goal is to leverage the tools in the BUILD Act fully 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 2023 DFC will scale up its existing equity, direct loan, and loan guarantee capabilities in order to originate, manage, and exit investments. The FY 2023 budget request will support continued implementation of the authority to make direct loans in local currencies – enabling DFC to mobilize local resources. Funding supports staffing increases and contract resources so that DFC can implement the President's agenda for the B3W partnership.

Funding will also support DFC's overseas presence. DFC developed an overseas strategic approach to better position the agency to develop bankable transactions, build relationships with local commercial lenders in-country, advance interagency collaboration, and coordinate with local embassies. To meet the agency's bold new commitments, including facilitating fulfillment of B3W goals and greater climate finance investments, DFC requests additional resources for overseas personnel and business development.

To date, DFC's overseas staff have been funded through support from State and USAID. These overseas staff, by generating greater transaction support for new and existing projects, as well as performing due diligence on transactions and training U.S. embassy personnel worldwide on DFC tools, have proven to be invaluable.

Implementing Resources

DFC's growing business scale and complexity requires supporting people, processes, and technology to prudently manage its portfolio and efficiently execute on new project activity. To responsibly implement the planned increase in transactions, this FY 2023 budget proposal requests additional resources and staffing 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 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. Funding also supports additional resources for both legal staff and necessary contract support. 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, legal resources are required for monitoring and contract enforcement.

Development Monitoring and Evaluation

To be an effective development institution, DFC is committed to continuing to build its monitoring, evaluation, impact assessment, and learning capacity so that it can collect data on the impact of the projects it supports. As set forth in the BUILD Act, DFC must assess the development performance of individual transactions, as well as its overall portfolio. This is an important area of focus for the agency, and we need to substantially invest in our capacity to measure and communicate development outcomes.

With DFC's impact management framework, the Impact Quotient (IQ) in place, additional resources are needed to continue the momentum of monitoring and evaluating the impact of DFC's projects and portfolio. DFC would leverage a portion of the new budgetary resources to continue building our capacity to monitor project results and partner with other agencies to communicate U.S. accomplishments. While it is important to evaluate environmental and social factors as a screening tool and risk mitigant, it is essential to intentionally support investments that generate positive, measurable social or environmental impact. Creating a comprehensive approach will best serve the Administration's objectives to deliver equitable and sustainable development. These additional resources also will ensure that DFC learns from project implementation, effectively manages knowledge, and shares lessons both internally and with partner agencies.

Technology Assistance

The FY 2023 request will support the Corporation's accounting and financial systems, data analysis and governance, and cybersecurity resources.

The Corporation's accounting system is essential in supporting the DFC mission and day-to-day operations. DFC's financial systems, at their foundation, require resources to support licenses, databases, maintenance, periodic upgrades, and enhancements. The FY 2023 request supports necessary upgrades of legacy or end-of-life systems as well as provides support to base functionality and security for new capabilities needed under the BUILD Act. The FY 2023 request includes an effort to begin the multi-year process of migrating the corporate accounting platform to a cloud "software as a service" platform—where the vendor internalizes numerous maintenance functions in a uniform "cloud" environment, rather than using corporate resources to implement and test upgrades and maintenance packages. Over time, this platform is expected to generate savings and more efficient access to new features while supporting this Administration's May 2021 Cyber security Executive Order 14028.

DFC has an increasing need to collect, disseminate, and analyze data in order to meet the mission set out in the BUILD Act. To better evaluate the development impacts of projects, the Corporation needs to analyze data that measures the impact throughout the project lifecycle as well as a need to analyze data on expected and actual impact to further guide future investment decisions. To that end, in FY 2023 DFC plans to modernize its IT data governance capabilities by developing enterprise-level robust data storage, management, analysis, and reporting capabilities beyond what it currently maintains. Implementing a new data warehouse will provide an efficient infrastructure integrating the corporate source systems within a single data architecture.

Lastly, cybersecurity continues to be a key area of attention. The FY 2023 request supports efforts to move DFC toward a Zero Trust Architecture (ZTA). DFC is a highly geographically distributed organization with IT assets all over the world. These organizational attributes do not lend themselves well to the traditional perimeter-based security approach of using Virtual Private Networks (VPN) to funnel through a centralized network location. DFC, like other federal agencies, has been preparing itself for potential ZTA usage by complying with federal guidelines regarding Continuous Diagnostics and Monitoring (CDM) as well as Identity, Credential, and Access Management (ICAM), to name a few areas. DFC will be working towards mitigating its security gaps and vulnerabilities to strengthen its network and security infrastructure in FY 2023.

Governance and Accountability

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 office provides project-affected communities, project sponsors, and project workers an opportunity to have such concerns independently reviewed and addressed.

In addition, DFC has two offices which report directly to the Board: the Chief Development Officer (CDO) and the Chief Risk Officer (CRO). This request provides funding for the continued costs of those offices. The CDO is responsible for focusing the organization on driving measurable development impact and ensuring DFC's portfolio meets its development mandate at the strategic level. The CDO also coordinates DFC's development policies and implementation efforts with the interagency, particularly USAID, MCC, and State, as well as with development finance institutions and foundations.

The CRO provides executive-level guidance to DFC by developing, implementing, and managing a comprehensive process for identifying, assessing, monitoring, and limiting the most significant risks to DFC, including those related to its operations, programs, financial position, portfolio and reputation. The CRO works closely with the Risk Committee of the Board of Directors in the development and implementation of DFC's Enterprise Risk Management program, as required by OMB Circular No. A-123.

Funding DFC's Programs

Of the $1 billion, DFC requests $780 million in FY 2023 to support its credit, equity, technical assistance, and other programmatic activities. This request will allow DFC to scale up in order to deliver on President Biden's agenda for the B3W partnership—as well as ambitious climate goals and the challenges the Administration and Congress sought to tackle with the establishment of DFC through the BUILD Act. DFC is prepared to take a leadership role in advancing these signature goals of the Administration, both by deploying a far greater share of its portfolio for infrastructure investment in the developing world and by accelerating its annual climate investments. The FY 2023 request provides DFC the resources it will need to expand annual investments from DFC's five-year average of $4.2 billion up to an annual commitment rate of $6.1 billion by FY 2023. It will allow DFC to continue the expansion of the classic financing and insurance work of its predecessors, OPIC and USAID's Development Credit Authority (DCA), and will further establish and grow the new business lines authorized by the BUILD Act, such as equity finance and project specific technical assistance. As DFC expands its financing, loans, and guarantees, these tools are requiring incrementally more program funds to be used for credit subsidy because of the greater focus DFC has on less developed countries (which tend to be riskier investment environments). 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 a broader set of partners, including through direct equity investments. As DFC continues to launch new products and partnerships and to focus on 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.

In particular, building and maintaining a robust pipeline, including on climate and B3W projects will take constant work and effort, including with the support from interagency colleagues, e.g. USAID, U.S. Trade and Development Agency (USTDA), and State. But the most effective way of building a pipeline is demonstrating that DFC is deploying capital efficiently and in volume; doing so will send a signal to the market that DFC is a reliable and significant source of capital, leading to even more opportunities.

Technical Assistance and Feasibility Studies

Technical assistance and feasibility studies designed to complement DFC programming cover a wide range of activities tailored to the specific needs of individual DFC transactions. These tools help DFC to develop projects for DFC investment and improve existing DFC projects.

Early support for planning and project development enables projects to get off the ground. 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. Among other things, and as noted above, DFC funds technical assistance and feasibility studies to support the identification, design, and implementation of DFC's portfolio investments in infrastructure, climate, global health, gender equity and technology. This work helps DFC meet its climate mitigation, adaptation, and resilience investment goals. In addition, DFC technical assistance increases the developmental impact of existing DFC deals. This includes helping DFC clients measure development impact and incentives for development additionality. Regular interactions between DFC and the interagency ensure that this programing will not duplicate programming done by USAID, MCC, USTDA, or other agencies.

Equity Program Funding

While debt financing and political risk insurance remain foundational programs, the new equity program is one of the most transformative components of the BUILD Act. The authority to invest equity either directly or through funds allows DFC to play a new and catalytic role in mobilizing private sector capital for investments that meet important foreign policy and development goals. The practical challenge is that funding for equity investments requires a significant commitment in the budget, although investment reflows and dividends can offset this upfront cost by increasing future year collections.

Traditional lending or insurance products do not always meet the commercial need, particularly in low-income countries where there is an uncertain market or in earlier stage companies that need to allocate all available capital to growth rather than debt service.

For investment funds, DFC is building on its successful history and well-tested processes for the selection of both funds and managers. Being able to invest equity as well as debt into funds makes DFC a more attractive partner to other DFIs that invest equity and want to be sure that all their partners are investing on the same basis. The BUILD Act encourages DFC to partner with both public and private sector counterparts to leverage the dollars it invests and to expand its impact. DFC is now able to invest alongside the development finance institutions of close allies (e.g., the United Kingdom's CDC, Germany's DEG, France's Proparco) as well as private sector partners like U.S. pension funds and financial institutions. DFC will continue to select experienced and successful fund managers who in turn will invest in local companies that can help the U.S. achieve its foreign policy and developmental goals from climate mitigation and adaptation to the global COVID response to, women's economic empowerment and strategically important infrastructure and technologies.

For direct equity investments, DFC will also be working alongside its peers, ensuring that the companies it selects will further the same important policy goals. The direct equity program allows DFC to target important sectors like health or sanitation or individual low-income countries regardless of whether a fund manager sees sufficient commercial opportunity to build an entire fund around a particular country or a sector. And, by using its technical assistance authority alongside other investment tools, DFC can work with a partner to deepen the developmental impact or expand its reach to underserved populations. Thus, DFC will use its equity program to both scale its impact via funds at the same time that it is able to target its direct investments to specific segments that are highly developmental or strategically important.

Summary and Conclusion

DFC respectfully submits its FY 2023 budget request of $1 billion, composed of $780 million in program funds and $220 million for administrative expenses including project-specific transaction costs. The $780 million 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, specifically those that are part of B3W (infrastructure, climate, global health, gender equity and digital connectivity) and DFC's need to engage and mobilize the private sector in meeting the challenges.

This request is driven by the Administration's desire for DFC to play a key role in implementing the B3W goals. This is a major undertaking for a small government agency. The Corporation is committed to achieving the maximum impact from its available resources. With an increase to its staffing footprint, additional program resources and policy guidance, DFC can be a driving catalyst for implementing the President's ambitious agenda.

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, $1,000,000,000: Provided further, That of the amount provided--

> (1) $220,000,000 shall remain available until September 30, 2025, 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 shall remain available until September 30, 2027;
>
> (2) $780,000,000 shall remain available until September 30, 2025, for the activities described in subsections (b), (c), (e), (f), and (g) of section 1421 of the BUILD Act of 2018, except such amounts obligated in a fiscal year for activities described in section 1421(c) of such Act 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 made available under this paragraph 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:

Provided further, That funds may only be obligated pursuant to section 1421(g) of the BUILD Act of 2018 subject to prior notification to the appropriate congressional committees and the regular notification procedures of the Committees on Appropriations:

Provided further, That in fiscal year 2023 collections of amounts described in section 1434(h) of the BUILD Act of 2018 shall be credited as offsetting collections to this appropriation:

Provided further, That such collections collected in fiscal year 2023 in excess of $1,000,000,000 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 2023, if such collections are less than $1,000,000,000, 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 $550,000,000.

Program Account

Amounts paid from "United States International Development Finance Corporation--Corporate Capital Account" (CCA) shall remain available until September 30, 2025: Provided, That amounts transferred to this account pursuant to section 1434(j) of the BUILD Act of 2018 (division F of Public Law 115-254) shall be merged with and available for the same time period and purposes as provided herein: Provided further, That 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 the total loan principal or guaranteed principal amount shall not exceed $10,000,000,000

Transfer of Funds Authority

7009. (b) AVAILABLITY OF FUNDS FOR THE DEVELOPMENT FINANCE CORPORATION.—
(1) Funds appropriated by this Act and prior Acts making appropriations for the Department of State, foreign operations, and related programs and transferred to the United States Development Finance Corporation pursuant to section 1434(j) of the BUILD Act of 2018 (division F of Public Law 115–254) shall be paid to the United States International Development Finance Corporation Program Account.
(2) Funds appropriated under the heading "Economic Support Fund" directed to implement the Nita M. Lowey Middle East Partnership for Peace Act by application of section 7019 of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2021 (Fiscal Year 2021 Act) shall be excluded from the limitation on transfers pursuant to section 1434(j) of the BUILD Act of 2018 (division F of Public Law 112–54) contained in section 7009(c) of the Fiscal Year 2021 Act.
(3) Whenever, in coordination, the Chief Executive Officer of the Millennium Challenge Corporation determines that it is in furtherance of the purposes of Millennium Challenge Act of 2003 (title VI of division D of Public Law 108–199, as amended), and the Chief Executive Officer of the United States International Development Finance Corporation determines that it is in furtherance of the purposes of the BUILD Act of 2018 (division F of Public Law 115–254), funds appropriated under the heading Millennium Challenge Corporation in this or prior Acts may be transferred to and merged with amounts under the heading United States International Development Finance Corporation—Program Account: Provided, That, when so transferred and merged, such funds shall be available for the costs of loans and guaranties provided by the United States International Development Finance Corporation pursuant to section 1421(b) of the BUILD Act and shall be subject to the limitations provided in the second, third, and fifth provisos under the heading United States International Development Finance Corporation—Program Account found in Public Law 116–260: Provided further, That such funds shall not be available for administrative expenses of the United States International Development Finance Corporation: Provided further, That the exercise of such authority shall be subject to the regular notification procedures of the Committees on Appropriations:

Provided further, That the transfer authority provided in this section is in addition to any other transfer authority provided by law.

Appendix B: Fiscal Year 2021 Year in Review

DFC committed $6.7 billion to support private sector development projects in Fiscal Year (FY) 2021, representing the largest level of financial commitments in a single year in 25 years. DFC's 2021 commitments represent a sixty percent increase from the agency's past five year average of $4.2 billion. DFC's priorities reflect a robust response to the COVID-19 pandemic, continued momentum on the 2X Women's Initiative, a strong focus on increasing investments in lower income countries, and a commitment to help the world mitigate and adapt to the climate crisis.

Healthcare and COVID-19 Response
In Fiscal Year 2021, DFC committed almost $1 billion to healthcare investments, a nearly four-fold increase over past five-year average. ($998.6 million versus 5-year average of $264 million) Transactions to support COVID-19 vaccine production will expand capacity to produce an additional two billion doses in India and Africa in 2022.

New vaccines offered hope for defeating the COVID-19 pandemic, but many developing countries faced hurdles securing sufficient supply. DFC addressed this challenge by dramatically increasing investments in healthcare, supporting multiple transactions to expand vaccine manufacturing capacity in lower-income countries, while working to correct many of the weaknesses in global health systems that had left lower-income communities particularly vulnerable.

While COVID-19 created an urgent need for investment in vaccines, therapeutics, and equipment, it also exposed underlying weaknesses in global health systems, particularly those in the developing world, where health facilities often lack modern equipment, reliable electricity, or even running water. These challenges can exacerbate the pandemic and make it difficult to prevent and treat other non-communicable diseases.

Supporting Vaccine Manufacturing: DFC financing to manufacturers **Aspen Pharmacare** in South Africa and Biological E. Limited in India, along with technical support to **Fondation Institut Pasteur de Dakar** in Senegal, is projected to expand vaccine manufacturing capacity to produce an additional two billion doses by the end of 2022. DFC also provided political risk insurance to help the Gavi Vaccine Alliance-led **COVAX Facility** procure up to two billion vaccines directly from manufacturers and allocate them around the world.

Strengthening Healthcare Systems: In Sub-Saharan Africa, an estimated one million people suffer from chronic kidney disease requiring dialysis. A DFC loan is supporting the expansion of **Africa Healthcare Network**, which provides affordable dialysis treatment, in Kenya, Rwanda, and Tanzania. In addition to expanding support for some of the people whose underlying health conditions make them especially vulnerable to COVID, the project helps to address Africa's growing challenge of non-communicable diseases.

Inclusive Growth
In 2021, more than 60 percent of the projects DFC committed were in low-and lower-middle income countries. DFC also worked to support investment to benefit underserved groups including women, refugees, and rural or indigenous populations. These investments laid the groundwork for increased

access to lifesaving vaccines, expanded access to critical services from housing to clean water to modern technology, and the creation of new jobs and opportunity.

Nutrition and WASH: In Zambia, stunting resulting from poor nutrition and hygiene affects 40 percent of all children under the age of five. DFC committed political risk insurance to support **DAI Global** in a USAID-funded initiative with the Government of Zambia to reduce stunting by expanding access to nutrition, as well as water, sanitation and hygiene (WASH). The program trains farmers to establish community gardens and improve production of vegetables and legumes, while forming nutrition-focused support groups for mothers of young children. It has also trained hundreds of government staff and volunteers to roll out WASH activities, including the construction of latrines and handwashing stations in 111 villages.

Investment in Refugees: Jordan and Lebanon are home to more than 1.5 million refugees, most who are living below the poverty line. DFC financing is helping the **Near East Foundation** support a training and grant program for women, youth and other vulnerable refugee populations and host communities, which are often strained for resources. By providing these refugees with small loans and related training, Near East Foundation aims to help them launch microenterprises as a sustainable source of household income. Grant funding averages $850 per recipient, which supports hubs aimed at teaching business skills and financial literacy.

SME Finance: A new DFC loan portfolio guaranty to Orabank Niger represents the first ever investment by DFC in the country, which the United Nations classifies as the world's least developed country. Although almost 80 percent of Niger's work force earns a living in subsistence farming, smallholder farmers have very little access to financing and banks typically focus lending to other sectors. The guarantee will help Orabank Niger increase lending to SMEs in the agriculture, livestock, and food value chain sectors, which currently account for just one percent of its portfolio, while also helping the bank address demand for Islamic financing, and deploy more digital financial services for remote farmers.

Gender Equity

One of the world's most longstanding development challenges is gender inequity. Although women comprise half the population, handle the bulk of the care work in their families, and operate many of the small businesses and smallholder farms that are the cornerstone of their communities, they face multiple economic hurdles.

More than one billion women around the world, and more than 70 percent of women-owned SMEs, do not use formal financial services. A core focus of the 2X Women's Initiative is helping more of these establish savings accounts and access bank and microfinance loans to support entrepreneurial activities, small businesses, subsistence farms, and home loans.

Another core mission of the 2X Women's Initiative is supporting female business founders, owners and senior leaders. Women who turned innovative ideas into growing businesses or serve at the helm of businesses that are serving their communities feature prominently in DFC's 2021 investments.

In FY 2021 DFC expanded its successful 2X Women's Initiative by establishing new targets to mobilize larger amounts of investment to reach more women and redouble efforts to target that investment to the world's most vulnerable women. In FY 2021, 43 percent of all new projects advance gender equity

Reaching Underserved populations in India: In India, where women living in rural areas are especially challenged to access even small microfinance loans, DFC is supporting **Credit Access Grameen's** innovative model to reach these last mile populations. With more than 86 percent of its borrowers in rural or semi-rural villages, Grameen focuses on lending to women at the bottom of the economic pyramid. With DFC's loan, it is estimated that Grameen will reach over 500,000 additional poor and underserved women in rural India over the life of the loan. DFC has also teamed with Grameen to design an initiative to reach unmarried women borrowers, a traditionally financially excluded demographic in rural India, providing a demonstration effect for the sector.

Finance for SMEs In El Salvador: In El Salvador, where less than half of working-age women participate in the labor force, a DFC loan portfolio guaranty to **Banco Davivienda** SALVADORENO, S.A. will support lending to small and medium businesses in high-growth sectors including textiles, plastics, information and communication technologies, and agro-processing. The guaranty will focus on businesses that support gender equity and inclusion and those that suffered from the COVID-19 pandemic. At least 40 percent of the total loans granted under the facility will go to 2X-qualifying projects.

Investing in Women-Owned and Women-Managed Businesses: **International Bank of Liberia Limited**, which is using DFC financing to expanding lending to local businesses, has women in three quarters of its senior management roles. Women also hold three of the six senior leadership positions at dialysis provider **Africa Healthcare Networks**, and one-third of the leadership at **Dolma**. Vaccine maker **Biological E** is majority owned by managing director and CEO Mahima Datla and **Openspace Ventures Plus, L.P.,** is one of the first institutional venture fund in Southeast Asia managed by a woman, Jessica Huang Pouleur. Nithio, which is using a technology platform to drive investment in off-grid energy, was founded by two women, Dr. Kate Steel and Queen Chinyere Quinn.

Climate

One of the most serious consequences of a changing climate is the impact on the world's developing countries that often lack climate resistant infrastructure or sufficient resources to protect themselves from the impact of drought, flood, mudslides, severe heat and storms. In FY 2021, DFC committed $454 million across 21 transactions to advance climate mitigation, resilience and adaptation.

In Fiscal Year 2021, DFC established new office of Chief Climate Officer, named its first ever Chief Climate Officer, and outlined a series of bold commitments to address this urgent crisis. DFC's approach to climate is based on mitigation to help reduce emissions over time as well as adaptation and resilience to help developing countries better respond to the climate impacts, they are experiencing today.

Off-Grid Energy: DFC financing to the **Energy Access Relief Fund** is supporting low-cost loans to viable off-grid energy providers that serve low-income communities across 50 countries in Africa. The Fund, a collaboration of development institutions, donors, and impact investors, plans to deploy up to $100 million of financing to SMEs providing a variety of off-grid energy solutions including solar home systems, clean cookstoves, and solar-powered irrigation.

Climate-Friendly Infrastructure: A DFC investment guaranty to **Smart RJ Concessionária de Iluminação Pública SPE S.A**., or "Smart Rio" is supporting the installation of climate-friendly infrastructure to reduce electricity consumption in Rio de Janeiro, Brazil. By retrofitting and adding new lighting units with light-emitting diode, or LED lighting technology, Smart Rio expects to reduce carbon emissions by at least 70,000 tons per year. With the introduction of smart city infrastructure, Smart Rio will also add 5,000 public Wi-Fi access points, connect 6,000 smart traffic lights, and modernize outdated and inefficient infrastructure.

Solar PV Manufacturing: DFC also committed financing to **First Solar**, the largest U.S. solar module manufacturer, that will help secure a reliable supply chain by supporting development of a major new solar manufacturing facility in India. The new facility will serve India, one of the world's largest solar markets, with modules manufactured responsibly and reliably using First Solar's Cadmium Telluride thin film technology instead of silicon-based inputs. This transaction will bolster the solar module manufacturing capacity of a key U.S. ally and will help avoid the risks of forced labor in the solar supply chain.

Information and Communications Technology
The rapid adoption of the internet over the past generation has exposed a large and growing global digital divide that has isolated the world's poorest countries and limited access to education, financial services, and basic business tools. While 87 percent of households in developed countries have internet access, just 47 percent of those in developing countries are connected. Among the world's least developed countries, less than 20 percent of people have internet access.

COVID-19 highlighted this disparity with catastrophic consequences for many communities that were unable to access remote work, school, or healthcare.

Expanding access to information and communications technology (ICT) is a cornerstone of the Build Back Better World Initiative, and a top priority for DFC.

Data Centers: Despite being home to approximately 17 percent of the world's population and seeing mass adoption of smartphones, business software, and cloud services, Africa accounts for less than one percent of the world's data center capacity. DFC financing will help **Africa Data Centres** build and expand data centers in South Africa, Kenya, and other DFC-eligible countries, helping businesses in sectors from agriculture to financial services access the services that re essential to participating in the global economy.

Supporting Fintech Lenders in Africa and Asia
One of the many ways improved access to technology can advance development is by bringing financial services to some of the two billion adults—most in the developing world—who lack access to formal banking systems. Although traditional banks have not always served this population, newer financial technologies are building sold track records of successfully reaching them.

Africa and Asia: DFC financing to **Lendable Inc**.'s Fintech Credit Fund (FCF) will support lending to fintech companies in Africa and Asia including MSME lenders, digital marketplaces, payment platforms and consumer lenders. Lendable has developed an advanced data analysis system to support underwriting of potential borrowers and regular monitoring of clients. The fund estimates that DFC's support will help 410,000 people gain access to financial services, and that 373,000 people will also gain improved energy access through solar fintechs.

Latin America: DFC financing to **Financia Credit S.A.** will help business owners in Costa Rica, El Salvador, Guatemala and Honduras access working capital by expanding access to Financia's fintech products. Use of these products, such as credit cards and management platforms, help SMEs improve efficiency and lower costs by limiting cash-based transactions. With the support of DFC's loan, Financia expects to more than triple its client base, with 68 percent of the expansion focused on Central America's Northern Triangle.

Appendix C: Budget By Object Class

Budget Object Class	FY21 Actual Obligations	FY22 Projected Admin Budget	FY23 Admin Budget
Personnel Compensation & Benefits	72,258,055	85,109,789	122,856,893
Travel	599,702	4,450,034	9,421,242
Rental Payments	10,135,038	11,582,653	11,927,217
Communications, utilities, and miscellaneous charges	1,054,123	1,708,335	2,536,040
Printing and Reproduction	46,392	50,000	55,000
Other Contractual Services	24,144,427	19,267,270	20,766,722
Advisory and Assistance Services	9,359,419	18,639,755	38,455,964
Other Services from Non-Federal Sources	18,000	129,058	69,110
Representation Expense	6,750	25,000	25,000
Training	572,863	1,201,691	1,249,542
Other Goods and Services from Federal Sources	291,155	-	-
Operation and Maintenance of Facilities	563,916	610	46,110
Operation and Maintenance of Equipment	6,899,173	27,192,520	23,704,694
Professional Accreditation Fees	6,986	9,745	9,745
Supplies and Materials	2,917,457	2,137,647	2,161,676
Interest and Dividends	1,348	2,000	15,000
Total	$ 128,874,803	$ 171,506,107	$ 233,299,955

*Carry-Forward balances from prior fiscal years enable obligations greater than the current year appropriation