ENERGY FOR GROWTH HUB

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A Robust Reauthorization of America's Development Finance Institution

Relevance. The U.S. International Development Finance Corporation (DFC) is the primary tool for the United States to spur private investment in support of development and foreign policy goals. Without an effective DFC, the US would be impotent to respond to allies' needs for energy security, job growth, or provide an alternative to Russia and China. We recommend:

<u>Releasing Bureaucratic Shackles via Congressional Action.</u>

1. **Unlock more capital by raising the maximum contingent liability to $100 billion**, which would also allow the agency to invest in larger infrastructure projects.

2. **Fix the accounting rules blocking DFC from fully using its tools**, such as equity investments and political risk insurance.

3. **Streamline by raising the Congressional Notification threshold to $100 million.**

Keeping the Focus on Development by Strengthening Internal Incentives for Impact.

4. **Encourage high-impact projects in lower-income markets via increased transparency** by (a) reporting annually on portfolio by country income levels using a simple stoplight system and (b) publicly disclosing the agency's policy on investment in UMICs and 'safe harbor' sectors.

Equipping DFC to Support Energy Security via Internal Reforms.

5. **Proactively build a pipeline of viable energy projects**, via (a) investing in early-stage support, (b) loosening restrictions that tie technical assistance to specific transactions, (c) cultivating expertise in major emerging energy technologies.

6. **Clarify the agency's climate strategy** via (a) public disclosure of White House or State Department policies on carbon-intensive energy investments that affect DFC and (b) public clarification of its net zero plan, or (if that cannot be done) rescission of DFC's net zero target.

7. **Get serious about supporting nuclear power**, by (a) increasing the single project limit to $5 billion once the liability is raised to $100 billion (b) building an internal team with nuclear expertise, and (c) using technical assistance grants for nuclear.

For more information see Katie Auth & Todd Moss, BUILDing a DFC Fit for Purpose: Eight recommendations for a robust reauthorization of America's development finance institution, Energy for Growth Hub.