Strengthening the Impact of the U.S. International Development Finance Corporation (DFC)

MFAN Recommendations

MFAN was an early leader in calling for the DFC's creation, and it has since worked to ensure the agency lives up to the bipartisan promise of its establishment: to serve as the U.S. government's premier international development finance agency and an integral part of our foreign policy toolkit. These recommendations highlight four key areas critical to strengthening the transparency, accountability, and development impact of the DFC's investments.

Development mandate and implementation of 2025 reauthorization

The DFC Modernization and Reauthorization Act of 2025 includes important provisions to continue providing the U.S. with development finance tools that advance U.S. international development and foreign policy objectives on a bipartisan basis. A core provision is the retention of the development mandate with a focus on building markets to create economic opportunities in the developing world while limiting investments in high-income countries. However, without oversight, the agency is likely to be incentivized to chase lower risk deals in wealthy nations rather than the frontier markets defined in its charter.

> ***MFAN Recommendation:*** *To ensure that the DFC administers its programs consistent with this mandate, the DFC should regularly report on the allocation of its support by both number and financial size of projects between less developed countries, upper-middle income, and high-income countries. Congress should provide strict oversight over the deals considered by the DFC to ensure the development mandate is maintained.*

Publicly Available Information

To strengthen transparency and accountability, DFC has been required since its inception to publish detailed, project-level information, as established in Section 1444 of the BUILD Act and amended in the DFC reauthorization. However, the only information reported to ForeignAssistance.gov has been technical assistance, which only reflects a small component of DFC's portfolio. DFC, therefore, is not in compliance with the law. Moreover, the information on the DFC's websites are outdated and/or incomplete and difficult to use. Consistent with established good practice, databases need to be consolidated and provide timely, fully machine-readable, project-level information, including metrics on pre- and post- development impact.

> ***MFAN Recommendation:*** *Congress should insist that DFC complies with the law by fully publishing project level information to FA.gov and that it consolidates and updates its websites to provide timely, user-friendly and complete project information. Holding public consultations would ensure policymakers and the development community have input and can inform DFC on the best way to publish timely and quality data.*

Impact Quotient (IQ)

The purpose of the IQ is to screen and track the progress of individual DFC investments, but no information on project-level IQ scores has been published. The last Administration's revision of the IQ established tiers of development impact, ranging from Exceptionally Impactful to Limited Impact, but those tiers are only occasionally available for projects in FY2025 and FY2026. The DFC reauthorization requires the development of a new IQ measurement system and outlines the criteria to be used (including measuring anticipated and actual development impact), while requiring this information to be published consistently on a project level.

> ***MFAN Recommendation:*** *DFC should hold public consultations on the redevelopment of the IQ system, a practice which began after the passage of the BUILD Act, and Congress should ensure regular publication of IQ information.*

Private Capital Mobilization (PCM)

Congress has required DFC to mobilize much more private sector capital to ensure that private finance is crowded in and that DFC is not competing with private sector investors. The reauthorization requires the DFC's annual report to include project level anticipated and actual PCM, as well as the type of investors and instruments used. To date, DFC has limited PCM reporting to aggregate amounts by geographic regions. The reauthorization emphasized the importance of mobilizing the private sector; this project level information allows Congress and other stakeholders oversight over how much, who, and how the private sector has been mobilized. It also provides important learnings on scalable approaches to further boost PCM.

> ***MFAN Recommendation:*** *The DFC should, at least semi-annually, publish and report to Congress disaggregated, project-level PCM, including amounts mobilized, the type of investors, and the instruments used, as well as prioritize overall efforts to increase PCM.*