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U.S. International Development Finance Corporation (DFC)

DFC, a federal agency, uses financial tools to promote private investment overseas. Its purpose is to advance U.S. development and foreign policy interests, accounting for economic and financial soundness of projects. DFC is authorized by the Better Utilization of Investments Leading to Development Act of 2018 (BUILD Act, P.L. 115-254, Division F; 22 U.S.C. §§9612 *et seq.*), which reflected congressional interest in countering China's "One Belt, One Road" initiative and elevating U.S. development finance impact. The BUILD Act consolidated several development finance authorities under DFC, giving it more functions, a larger financing cap, and a multiyear authorization. Congress renewed DFC in December 2025.

Reauthorization Act: Select Provisions

Congress renewed DFC authorities for six years, through December 2031, in the DFC Modernization and Reauthorization Act of 2025 (P.L. 119-60, Division H, Title LXXXVII). Amending the BUILD Act, the act expanded DFC eligibility to higher-income countries and raised DFC's maximum contingent liability (MCL, total amount of risk from its activities that DFC can have outstanding at a time) from \$60 billion to \$205 billion. It also created a Chief Strategic Officer and Congressional Strategic Advisory Group, authorized a new fund to ease budgetary constraints on equity investments, and subjected Board of Directors meetings to public access requirements. A sense of Congress states DFC should not divert resources for domestic activities beyond its "core" mission. The reauthorization left open some issues, including whether DFC should take on more foreign aid responsibilities or be absorbed into the Department of State, and whether and how DFC should balance its mandates and prioritize sectors and regions.

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 CEO; the Secretaries of State (Chair), the Treasury, and Commerce; the U.S. Agency for International Development (USAID) Administrator (Vice Chair); and four non-government members (three-year terms, renewable once). 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 Senate confirmed Benjamin Black as CEO in October 2025. Eight of the nine Board positions are filled; one non-government seat is vacant and the Office of Management and Budget's Deputy Director is performing the USAID Administrator's duties.

Other positions in statute include the Deputy CEO and Inspector General, who also are presidentially appointed and Senate-confirmed; and the Chief Risk Officer, Chief Strategic Officer, and Chief Development Officer, who are CEO-appointed. DFC also has restructured internally and created positions without legislative action.

Tools. DFC is authorized to provide the following:

- **Direct loans and loan guarantees** for projects and investment funds, generally for up to 25-year terms and subject to federal credit law.
- **Political risk insurance** against risks such as currency inconvertibility, expropriation, and political violence; and **reinsurance** to increase underwriting capacity.
- **Equity investments** in projects or investment funds, with a limit of 40% of any project's equity value.
- Grant-based **feasibility studies** and **technical assistance** to support identification and preparation of projects.

By statute, DFC can provide no more than 2.5% of its lending cap (i.e., \$5.125 billion) for a single entity. 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. Use of DFC depends on client demand. Prospective clients generally submit an application that DFC assesses against its policies and priorities. DFC occasionally issues sector-specific requests for proposals.

Financing Parameters. DFC's financing eligibility is based on several considerations, most prominently income restrictions tied to World Bank-determined measures of country income and wealth. The amended BUILD Act:

- Directs DFC to prioritize "**less-developed**" economies, expanding the range of higher-income countries that qualify for this category.
- Permits DFC to invest in "**advancing income**" and "**high-income**" economies, subject to a certification that it will advance national security or strategic economic competitiveness, development impact, and private capital mobilization based on a Strategic Investments Policy DFC is to develop; "high-income" support is limited to 10% of the MCL (i.e., \$20.5 billion).
- Prohibits DFC support in "**wealthy**" economies, except in the energy, critical minerals and rare earths, and information and communications technology sectors.
- Bars investments in specified "**countries of concern**" (e.g., China, Iran, and Venezuela).

Other requirements include for DFC to: ensure its support complements, not displaces, private capital (to be "additional"); favor projects involving U.S. persons; and consider environmental and social impact, worker and human rights, and countries' embrace of private enterprise.

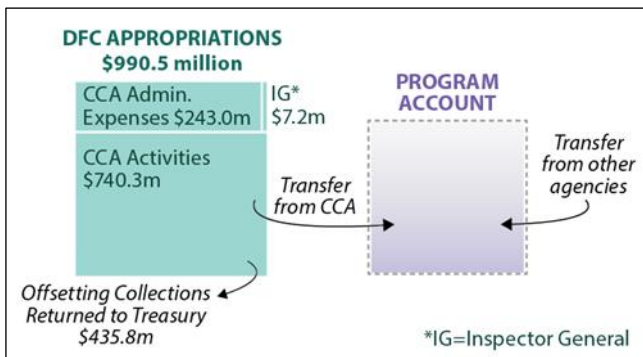
DFC has policies and processes to implement statutory requirements and advance executive priorities. Corporate bylaws and Board-passed resolutions guide operations. Environmental and Social Policy and Procedures (ESPP), last updated in 2024, outline how DFC is to review applications and monitor projects. A 2023 Transparency Policy sets public information processes. DFC uses a

“Impact Quotient” (IQ) tool to assess quantitatively likely development impact. DFC also monitors projects for risks.

Funding. 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 consisted of transfers from the CCA and other agencies.

For FY2026, Congress gave DFC \$983.3 million in base appropriations, with \$435.8 million in revenues as offsetting collections credited to the Treasury, for a final effective appropriation of \$547.5 million (**Figure 1**). For FY2027, the Trump Administration requested \$803.7 million in base DFC funding (18.3% less than FY2026), with \$435.0 million in offsetting collections, to result in a final effective appropriation of \$386.7 million. It also requested \$3.0 billion in “mandatory” funding for a revolving fund to support “strategic” equity investments.

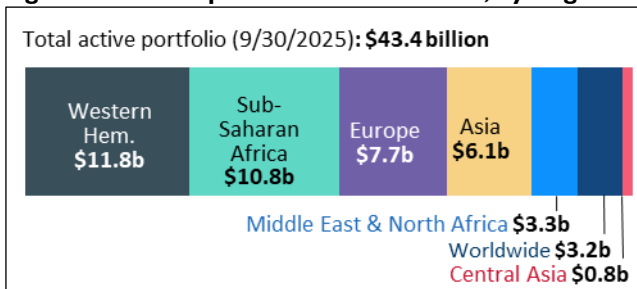
Figure 1. DFC Annual Funding: FY2026



Source: CRS, based on P.L. 119-75.

Activity. In FY2025, DFC committed \$3.6 billion for 30 new transactions; press releases indicated most were under the Biden Administration. This was a substantial stepdown from FY2024 (\$12.1 billion), resulting in DFC exposure dropping from \$48.9 billion to \$43.4 billion over FY2025 (**Figure 2**). DFC press releases have included markedly less information under the current Administration, complicating efforts to assess the portfolio’s direction. DFC has indicated it is likely to pursue fewer, larger deals moving forward. The approval process can take more than a year, leading to a lag between a strategic redirect and resulting investments.

Figure 2. DFC-Reported Active Portfolio, by Region



Source: DFC, Annual Management Report, Fiscal Year 2025.

Notes: Risk adjustment of \$0.4b that reduces portfolio is not shown.

Some Trump Administration steps indicate DFC activity may accelerate. DFC has a lead role in a minerals-focused U.S.-Ukraine Reconstruction Investment Fund announced in 2025. President Trump gave DFC authority to make domestic mineral investments under the Defense Production

Act of 1950. DFC also announced a maritime reinsurance plan with \$20 billion in DFC support amid the Iran conflict. The FY2027 budget request seeks to advance U.S. policy in critical minerals, transportation infrastructure, energy, health, food security and agribusiness, and financial infrastructure; as well as to strengthen U.S. supply chains.

Select Issues for Congress

Reauthorization Implementation. DFC’s reauthorization and FY2026 appropriations mandated several actions. DFC is to engage with Members on the new Congressional Strategic Advisory Group to develop a Strategic Priorities Plan; develop policies on investing outside of less-developed countries; and propose language to guide use of its new revolving equity fund authority. Congress may track implementation of DFC reauthorization and consider whether to modify the BUILD Act further.

Mandates. The FY2027 budget request states that DFC’s congressional mandates to advance U.S. foreign policy and economic development “are not mutually exclusive,” noting that investments can be “a stabilizing force in developing and post-conflict economies” and “an important tool for foreign policy,” such as “strategic competition.” Congress could continue to deliberate on how DFC should prioritize its mandates and whether they are in tension.

President Trump directed all foreign assistance to align with an “America First” agenda, and his foreign affairs priorities have not included promoting economic development in poor countries to date. DFC investments under the Trump Administration have been primarily in developed countries. DFC’s focus on larger deals may jettison the small-credit facilities DFC absorbed from USAID. Members may engage on DFC’s planned high-income investments for FY2026, its Strategic Investments Policy, and activities allocated under of the 10% high-income cap. A key avenue for engagement could be the new Congressional Strategic Advisory Group.

The Administration also has emphasized trade policies to promote domestic industries, secure U.S. supply chains, and advance strategic competition. Congress may consider the efficacy of domestic financing by DFC; mandate DFC investments to address specific goals; or direct DFC to report on its competitiveness vis-à-vis foreign counterparts. Members who support DFC focusing less on development and more on strategic aims could seek to raise or remove the 10% high-income cap, or revisit “country of concern” designations, such as amid changing U.S.-Venezuela ties and the disposition of any China-bound oil under the Hormuz reinsurance facility.

Transparency. DFC has reduced the public information it provides, including removing or limiting details on its IQ (mandated in its reauthorization), Board meetings and Board-approved investments, and its annual report. Public information on country-level development impact does not appear on DFC’s website, despite a statutory requirement. Members may oversee DFC transparency and consider whether to impose new reporting requirements or remove or retain current requirements. Congress also could publish reports that it receives from DFC.

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