



governmentattic.org

"Rummaging in the government's attic"

Description of document: Development Finance Corporation (DFC) Report on Coordination between the Overseas Private Investment Corporation (OPIC) and the U.S. Agency for International Development (USAID) 2019

Requested date: 11-January-2021

Release date: 23-February-2021

Posted date: 16-August-2021

Source of document: FOIA Director (Legal)
US International Development Finance Corporation
1100 New York Avenue, NW
Washington, DC 20527
Email: foia@dfc.gov

The governmentattic.org web site ("the site") is a First Amendment free speech web site and is noncommercial and free to the public. The site and materials made available on the site, such as this file, are for reference only. The governmentattic.org web site and its principals have made every effort to make this information as complete and as accurate as possible, however, there may be mistakes and omissions, both typographical and in content. The governmentattic.org web site and its principals shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused, or alleged to have been caused, directly or indirectly, by the information provided on the governmentattic.org web site or in this file. The public records published on the site were obtained from government agencies using proper legal channels. Each document is identified as to the source. Any concerns about the contents of the site should be directed to the agency originating the document in question. GovernmentAttic.org is not responsible for the contents of documents published on the website.

February 23, 2021

RE: Response Letter for FOIA Request 21-040

This letter is the final response to your Freedom of Information Act (“FOIA”) request received by mail on January 11, 2021. Your request was assigned **FOIA Number 21-040**. Please reference this number in all correspondence concerning your request. You requested:

A copy of the Report on Coordination Between OPIC and USAID, which had been sent to Congress on July 31, 2019.

Your request was processed pursuant to Section 552 of Title 5 of the United States Code, commonly known as the Freedom of Information Act (“FOIA”). Pursuant to the FOIA, DFC is releasing in full one record totaling 19 pages. Please note this report is also publicly available on DFC’s website at: https://www.dfc.gov/sites/default/files/2019-10/CoordinationReport_Shelby_7_31_19.pdf. The FOIA requires agencies to search records within the agency’s control that are reasonably likely to produce your requested records.¹ Please open this letter in Adobe Reader or Acrobat Professional on a computer to ensure you can see the released records which are attached directly to this letter.

For fee purposes, this request was previously categorized as “all other requesters.” The first two hours of search time was provided at the agency’s expense. Fees for your request total less than \$25.00 for this request and are therefore not charged. Accordingly, no fees are due for the processing of this request.

This is a final agency response. You may contact me or the FOIA Public Liaison for any further assistance and to discuss any aspect of your request. Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records

¹ See, e.g., Weisberg v. DOJ, 705 F.2d 1344, 1351 (D.C. Cir. 1983).

Administration to inquire about FOIA dispute resolution services they offer. The contact information for OGIS is as follows:

Office of Government Information Services
National Archives and Records Administration
8601 Adelphi Road-OGIS
College Park, MD 20740-6001
Email: ogis@nara.gov
Phone: 202-741-5770 | Toll Free: 877-684-6448 | Fax: 202-741-5769

If you are not satisfied with DFC's response to this request, you may administratively appeal by addressing a written appeal to the following:

Deputy General Counsel
United States International Development Finance Corporation
1100 New York Ave., N.W.—12th Floor
Washington, D.C. 20527

Your appeal must be postmarked or electronically transmitted **within 90 days** of the date of this response to your request. Both the envelope and the letter should be marked "FREEDOM OF INFORMATION ACT APPEAL." The appeal should clearly identify the agency determination that is being appealed and include the request number. If you are not satisfied with the results of any such appeal, judicial review is available to you in the United States District Court for the judicial districts in which you reside or have your principal place of business, or in the District of Columbia.

Sincerely,

Eric Styles
Digitally signed by Eric Styles
Date: 2021.02.23
09:51:52 -05'00'

Eric Styles
Administrative Counsel
United States International Development Finance Corporation
1100 New York Avenue, N.W.
Washington, D.C. 20527
Eric.Styles@dfc.gov



July 31, 2019

The Honorable Richard Shelby
Chairman
Committee on Appropriations
U.S. Senate
Washington, D.C. 20510

Dear Mr. Chairman:

On October 5, 2018, President Donald J. Trump signed into law the Better Utilization of Investments Leading to Development (BUILD) Act of 2018. The BUILD Act consolidates, modernizes, and reforms the development-finance capabilities of the U.S. Government (USG)—primarily the Overseas Private Investment Corporation (OPIC) and the Development Credit Authority (DCA) of the U.S. Agency for International Development (USAID)—into a new independent agency: the United States International Development Finance Corporation (DFC).

The use of development finance around the world has expanded rapidly as more governments look to unlock the private-capital resources needed to meet development challenges that public funds alone cannot meet. As the DFC increases its ability to mobilize private capital, and USAID places more emphasis on its engagement with the private sector, coordination between USAID and the DFC to pursue U.S. development objectives is essential. The DFC and USAID must forge and maintain strong linkages for the United States to maintain its leadership in international development.

Section 1462(c) of the BUILD Act requires a report to detail the coordination between the DFC and USAID. Please find such a report enclosed. The DFC will interact with other USG Departments and Agencies in pursuit of our foreign-policy and development goals. While the enclosed report mentions some of that work, it is not an exhaustive outline of how the DFC will interact with the many interagency partners that have a stake in its success.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark A. Green', with a large, stylized loop at the end.

Mark A. Green
Administrator
U.S. Agency for International Development

A handwritten signature in black ink, appearing to read 'David Bohigian', with a large, stylized loop at the end.

David Bohigian
Acting President & CEO
Overseas Private Investment Corporation

Enclosure: Report on Cooperation

Coordination Report

Introduction - Linkages between USAID and DFC Programs

On October 5, 2018, President Donald J. Trump signed into law the Better Utilization of Investments Leading to Development (BUILD) Act of 2018. The BUILD Act consolidates, modernizes, and reforms the development-finance capabilities of the U.S. Government (USG) —primarily the Overseas Private Investment Corporation (OPIC) and the Development Credit Authority (DCA) of the U.S. Agency for International Development (USAID)—into a new independent agency: the United States International Development Finance Corporation (DFC).

The Administration is pleased to have worked with Congress to move this bill for the President’s approval and looks forward to continuing this collaborative relationship as it implements the legislation. OPIC and USAID/DCA staff have worked closely together since the bill’s passage to integrate their programs

On March 8, 2019, in accordance with Section 1462 of the BUILD Act, President Trump submitted a Reorganization Plan for the DFC to the appropriate Congressional Committees. Additionally, the Act requires a “Report on Coordination” to detail how the DFC and USAID will coordinate after the DFC becomes operational.

Development-finance tools, such as loans, guarantees, investment funds, and political-risk insurance, facilitate private-sector investment in developing countries to have positive developmental impact. These are investments the private sector would not make on its own because of the risks associated with the developing world. Well-focused backing from the USG can catalyze significant investments of private capital into developing countries. This support is essential to key sectors, such as infrastructure, agriculture, and health, that improve the quality of life for millions and lay the groundwork for modern economies and provide financing for women, small- and medium-sized enterprises, or other borrowers that have not had sufficient—or sometimes any—access to commercial financing. The

bipartisan support for the BUILD Act arose from a recognition that the model of mobilizing private investment must become a more prominent development tool of U.S. foreign policy because the needs in the developing world are too great for government resources to meet alone.

The Administration and Congress sought to bolster the development impact of the DFC through mechanisms such as the creation of the Chief Development Officer and the prioritization of low- and lower-middle-income countries. The BUILD Act includes new tools and operational flexibilities that empower the DFC to reach a broader set of projects than OPIC and USAID alone. With greater ability to support additional projects, and the DFC's mandate to ensure it invests in projects that advance U.S. foreign-policy and developmental goals, coordination across the USG's foreign-policy and development agencies is essential.

As the DFC increases the United States' ability to mobilize private capital and USAID officers do more across the globe to engage with the private sector, close institutional, programmatic and budget linkages between USAID and the DFC are critical to the success of both institutions. Indeed, given the trend lines, if the United States is to maintain its leadership in international development the DFC, USAID and the broader interagency must be strongly linked.

A DFC with strong ties to the interagency promises more foreign policy alignment and development impact than either OPIC or DCA could achieve on their own. Through the DFC, the U.S. government – and USAID in particular – will be able to access a much deeper toolkit of development finance tools and expertise than has been available in the past. This access to the DFC's financing tools is especially critical to USAID's core objective of promoting a path to a recipient country's self-reliance and resilience. At the same time, the DFC will leverage the global footprint from U.S. embassies and missions around the world to realize its growth ambitions, while driving deeper impact in its portfolio and more closely monitoring its projects throughout the world.

Mandated by the legislative requirement in Section 1462(c) of the BUILD Act (Appendix A), the following Coordination Report details planned institutional, programmatic, and budget linkages between USAID and the DFC, and highlights several examples of current collaboration between USAID and OPIC. The DFC's success depends on close linkages and collaboration well beyond USAID, across

many USG Departments and Agencies. While this report acknowledges the importance of those relationships and linkages, it focuses on coordination between USAID and the DFC.

INSTITUTIONAL LINKAGES

Board of Directors— Improving policy alignment through a new structure.

Strong coordination with U.S. policy-makers who can offer guidance on U.S. foreign-policy, development, and national-security objectives will be essential to the DFC. The Secretary of State will serve as Chair of the DFC Board of Directors (the Board), and the USAID Administrator will serve as Vice-Chair to ensure guidance to the DFC comes from the highest levels. The rest of the membership of the Board will include the Secretaries of the Treasury and Commerce, four individuals from the private sector, and the Chief Executive Officer (CEO) of the DFC. The USAID Administrator will help ensure that development impact remains a paramount focus of all DFC transactions and programs. On June 12, 2019, the Board met and approved the DFC’s corporate-governance documents, including its bylaws, the charters of the Audit and Risk Committees, and the delegation of certain authorities to the CEO.

Development Finance Coordination Group (DFCG)—Enhancing interagency coordination while maintaining the nimbleness required to work with the private sector.

The DFCG will provide greater interagency coordination and input. Loosely based on the Power Africa Working Group, the DFCG will comprise representatives of both USG Departments and Agencies on the DFC Board and other relevant Federal entities not represented on the Board¹. . DFCG meetings will serve as a venue to

¹ These may include the Millennium Challenge Corporation, U.S. Export-Import Bank, Department of Labor, and U.S. Trade Representative as well as U.S Trade and Development Agency (USTDA) while appropriated.

share information on the DFC's transactions and policies; identify priority countries, sectors, and initiatives for engagement; and identify specific ways interagency partners can support the DFC. The DFCG will be the primary forum to capture expertise and equities on matters related to the DFC to ensure policy coherence across the entire USG on environment, labor standards, trade, development policy, and national security, to support and inform investment policy and decision-making. In addition, the DFC's experience in certain countries and sectors could help identify "enabling environment" issues for DFCG members to focus the attention of their Departments and Agencies. For technical assistance and feasibility studies, the group can leverage the expertise and programs of other Departments and Agencies to avoid duplication of effort.

The DFCG will convene regularly, at various levels, to share information and discuss policy issues and specific transactions, before those transactions are presented for the Board's approval. The DFC's management will convene DFCG meetings and coordinate agenda items in advance with the group. In doing so, it will work closely with the DFCG to balance the group's need to ensure the alignment and integration of specific DFC transactions into U.S. foreign policy-making, while safeguarding the DFC's nimbleness and direct relationship with its private sector partners and its responsibility to strictly maintain their business confidentiality. U.S. Embassies and Consulates and USAID Missions will manage country-specific DFC coordination in the field.

Chief Development Officer (CDO)—Ensuring the DFC meets its mandate to generate development impact.

The CDO, who will report directly to the Board, will be responsible to focus the entire organization on driving measurable development impact and ensuring the DFC's portfolio meets its development mandate at the strategic level. The CDO will work with the experts in the Office of Development Policy to shape the way the institution coordinates across the USG interagency; measures and assesses development impact within its transactions; and coordinates technical assistance to support deeper development outcomes. The CDO will ensure the DFC prioritizes support for low-income or lower-middle-income economies, and will verify the

DFC's system to measure development impact. The CDO will also coordinate the work by the DFC and USAID, by providing USG Departments and Agencies access to the DFC's tools and ensuring efficient transfers of resources by them to the DFC. Importantly, the CDO sits as an *ex officio* member of the Development Advisory Council, a new advisory body established by the BUILD Act with experts from the development and business communities to provide counsel to the DFC's Board. The President's Budget Request for Fiscal Year (FY) 2020 includes staffing for the CDO to support this work.

Office of Development Policy (ODP)—Focusing on increasing measurable development impact.

The DFC is creating a new ODP to deepen the ability of individual transactions to produce quantifiable development impact. The CDO will ensure development impact at the strategic level, and the ODP will focus on the development impact of each transaction. The office will maintain the DFC's development coordination across all relevant USG Departments and Agencies by assessing transactions for development impact and policy-alignment and developing technical-assistance programming. The ODP will leverage the expertise of all relevant USG Departments and Agencies, for example, by serving as a critical interface with several parts of USAID, including the current Bureau for Policy, Planning, and Learning and the planned Private-Sector Engagement Hub in the new Bureau for Development, Democracy, and Innovation. To support these connections, the office will likely include dedicated position(s) into which interagency officers, particularly from USAID and the Department of State (State), can be detailed on a long-term, rotating basis. DFC officers will also have the opportunity to participate in details to State and USAID, at headquarters and in the field.

The ODP will comprise several functional units:

- **Development-Coordination Unit (DCU):** This unit will interface directly with USAID, State, and the Millennium Challenge Corporation (MCC) at the operational level on a regular basis and will gather information on

specific USAID programs and MCC's Compacts to explore how DFC transactions can support them. The DCU will use existing data and data systems, such as MCC's constraints analysis, to promote data-informed decision-making and policy-alignment across Federal Departments and Agencies. Additionally, the DCU will identify and coordinate training opportunities to inform other USG personnel about the DFC's tools and programs. While the work of the DCU will complement and support the work of the DFCG, the DCU will be more operational and focused on specific cross-USG programs, projects, and transactions.

- **Development-Assessment Unit:** This unit will evaluate the development impact of all DFC transactions and score them accordingly. Currently, OPIC, with the support of USAID evaluation experts and other technical experts, is designing a new state-of-the-art development-impact scoring methodology for the DFC for the Development Assessment Unit to implement. The increased investment tools and flexibility will provide the DFC with a broader set of projects from which to choose, and will make this new model a critical tool in prioritizing transactions based on their development impact.
- **Policy-Assessment Unit:** This unit will continue OPIC's current practice of analyzing and monitoring projects for their potential environmental and social impact, as well as for key labor and human-rights issues. Its work will provide up-front opportunities to resolve potential issues while ensuring adherence to high standards. The Policy-Assessment Unit also will monitor projects that have contractual obligations to implement specific environmental, labor, and other processes or procedures, to ensure all projects comply with the DFC's requirements.
- **Technical-Assistance and Feasibility-Studies Unit:** This unit will develop, manage, and provide oversight for technical-assistance programming, a new development tool for the DFC. With its ability to deploy project-specific technical assistance, the DFC will prepare projects to be "investment ready," while increasing their sustainability and development

impact. The projects considered for this assistance will be limited to those the DFC believes it can fund in the future. This focus, along with regular interagency interactions, will ensure that these activities will complement, but not duplicate, programming done by USAID, MCC, the Department of the Treasury's Office of Technical Assistance (OTA), the Department of Commerce's Commercial Law Development Program (CLDP), and other relevant USG Departments and Agencies. Because of OPIC's lack of experience with direct technical-assistance programming, the DFC will draw on the expertise and experience of USAID and others in establishing this group and designing its programs.

Department of Development Credit—Leveraging new capabilities and focusing new resources on the Administration's priorities.

The DFC will have three transaction-focused Departments: Structured Finance and Insurance; Investment Funds; and Development Credit. The Department of Development Credit will combine USAID's DCA staff with OPIC's current Small and Medium Enterprise Finance division because of the close alignment of the current transactions funded by both groups. Much of the Department will use the DCA model of tailored transactional support and portfolio-monitoring services to USAID Missions. While these services to USAID will expand under the Department to include access to new transactional tools, such as equity and direct lending, the DCA approach to delivering those services to field Missions will remain. Co-locating the traditional DCA staff with OPIC staff will enhance learning and professional development for both. Combining these already successful units will allow for programmatic integration and an expansion of DCA's current capabilities.

The DFC must make this process easy and accessible to USAID Missions. For instance, USAID is working to reduce significantly the many internal steps required to make Mission-level funding available for a DCA transaction, and will incentivize USAID Mission Directors to access the DFC, as appropriate, through their performance plans. The DFC will also leverage U.S. Embassy staff, including from USAID, to increase its monitoring capacity.

Office of Strategic Initiatives (OSI)

OSI will ensure the DFC is effectively tied into the interagency policy-making process and can help ensure foreign-policy alignment with the Administration's priorities. For example, individuals from this office will represent the DFC in the development of new Administration initiatives—such as *Prosper Africa* or the *Indo-Pacific Strategy*—and ensure the DFC executes upon them. OSI will be structured along regional and thematic lines, and will interact regularly with the transaction-focused Departments as well as the ODP, based on region or sector. OSI will also link other Federal Departments and Agencies that support U.S. businesses overseas, such as the Department of Commerce and the U.S. Export-Import (EXIM) Bank. OSI will tap into other USG Departments and Agencies for detailees, as appropriate, for interagency experience, and also serve as a key link into the DFCG.

PROGRAMMATIC LINKAGES

Transaction Support

Strong, coordinated support from the interagency, including Country Teams at U.S. Embassies around the world, will contribute to the DFC's success. The establishment of the DFC is an opportunity to leverage core capabilities and strengths across the USG. While institutional linkages between the DFC and USAID (and other Departments and Agencies) will take different forms depending on specific development objectives, they will largely fall into the following illustrative categories:

- **Origination and Structuring of Transactions:** The DFC will develop tailor-made debt and equity transactions that directly support U.S. national-security, commercial, and development objectives. The DFC will leverage and benefit from the global reach of State, USAID, and the Department of

Commerce to source new development opportunities. As under the DCA model, USAID will contribute to efforts to manage, monitor, and evaluate these transactions to ensure they support U.S. foreign-policy goals and produce measurable development results.

- **Relationship-Management:** Country Teams at U.S. Embassies and missions will assist the DFC in building and maintaining relationships with new partners with which OPIC has not engaged in the past, particularly those in developing countries. In addition, the DFC will provide targeted relationship-management support to USAID Missions as they seek to engage new financing partners and develop long-term relationships with them in support of the Journey to Self-Reliance.
- **Project-Specific Technical Assistance:** The USG interagency, including State, USAID, the Department of the Treasury's OTA, the Department of Commerce's CLDP and the DFC, as well as other relevant USG Departments and Agencies, will work closely to design, and, when necessary, de-conflict, technical-assistance programming. USAID will also work with the DFC to direct its ongoing technical-assistance programs to improve the enabling environment for business to support DFC-backed transactions where needed.
- Support for **Monitoring and Evaluation:** State, through U.S. Embassies and Consulates, will continue to assist the DFC with project-vetting, diplomatic engagement, and *ad-hoc* reporting on project outcomes. USAID will use its global presence and depth of technical expertise to assist in monitoring DFC-funded transactions, which will enable the DFC to provide a deeper level of monitoring of development impact on its projects than previously possible.
- **Oversight of and Support for Compliance:** The DFC will provide ongoing financial support services to USAID Missions on their existing pipeline of more than 275 active DCA guarantees after the transfer of those

transactions to the DFC, at the same quality standard currently provided by DCA. These services include legal, risk, and compliance support. In addition to the USAID transactions that transfer to the DFC, these services will also cover all new projects designed and managed by Missions once the DFC opens its doors.

- **Feasibility Studies and Benchmarking:** State, USAID, and the MCC will make their wealth of market, macroeconomic, and sector-specific data and information available to the DFC to aid in designing transactions and benchmarking development-impact indicators for proper scoring, evaluation, and reporting.
- **DFC Liaisons at U.S. Embassies and USAID Missions:** USAID Mission Directors will formally designate a DFC liaison in their Missions to codify and extend the current DCA liaison model by coordinating all DFC engagement across their Missions. Liaison officers will receive training on the DFC's products, processes, and procedures, and will be the Missions' primary operational and programmatic linkages back to the DFC, and to regionally based DFC staff. Economic Sections at U.S. Embassies (and perhaps certain Consulates) will also designate Foreign Service Officers as DFC liaisons to coordinate vetting and other transactional support at post. Other USG Departments and Agencies will leverage these liaison roles, or create similar ones within their respective contingents at U.S. Embassies and/or their field offices.
- **Networking and Convening Authority:** Teams at U.S. Embassies and USAID Missions will leverage their considerable resources and strategic relationships, particularly with governmental, private-sector, and civil-society stakeholders, to source and develop DFC transactions. By accessing a larger and more dynamic pool of potential partners through Embassy and Mission teams than OPIC could previously, the DFC will be better-positioned to select transactions that deliver the deepest and most-sustainable development impact. USAID, through its unique ability to convene local development partners and tailor existing programs to support the DFC's transactions, will play a key role

- **Leveraging Department of State/USAID Platforms Overseas:** A critical part of the DFC's work will take place overseas, including through interactions with key project-related stakeholders and U.S. Embassy and USAID Mission personnel; analyses of market trends; and the origination, diligence, and monitoring of transactions. OPIC historically has maintained a limited overseas presence, typically funded by transfers from State's Economic Support Funds. A handful of new field positions are under consideration for funding, and likely governed by an Interagency Agreement to ensure alignment and coordination with broader USG efforts. The DFC will continue this limited overseas presence with regular contact with DFC Mission liaisons and ongoing training on the DFC's tools for Embassy personnel. Any regionally based DFC officers will provide important access and direct lines of communication for Embassy and Mission personnel. These individuals will have regular contact with DCU and OSI.

Close coordination among overseas DFC staff, Ambassadors, and the economic teams in the field from State and USAID, including various interagency representatives, is essential to advance the Administration's foreign- and commercial-policy goals. This will allow DFC representatives to gain a deeper understanding of conditions and challenges in regional markets, while allowing for input to each relevant Integrated Country Strategy to ensure the inclusion of development-finance goals in the objectives of each USAID Mission, and ensure an action-oriented whole-of-Government approach to advance measurable development impact.

Education on Development Finance—Training for a new era of development.

Ensuring interagency USG staff understand how the DFC originates, analyzes, structures, monitors, and evaluates its transactions is critical for close collaboration across Federal institutions. This is particularly true for USAID staff, who will source DFC transactions directly to support existing USAID programs in-country. The DFC will develop a comprehensive training program, in coordination with USAID, State, and other USG Departments and Agencies. This program will

complement USAID's existing training on Private-Sector Engagement, and will be available to all interagency staff.

Staff-Exchanges and Professional Development

The movement of DCA staff to the DFC will create the strongest initial institutional linkage between the DFC and USAID. This staffing link needs to expand over time to ensure the DFC's tools continue to be easily accessible to USAID Missions, and that USAID Mission programs continue to support the DFC's transactions. Exchanges of staff into critical positions in the DFC and USAID will allow continuous learning and adaptation. Staff exchanges will also take many forms, from initiative-specific placements to standing Civil Service and Foreign Service positions in Washington, D.C., and U.S. Embassies/Consulates and USAID Missions.

BUDGET LINKAGES

Strong linkages to U.S. foreign-policy, development, and national-security objectives are critical to the DFC's success. In the past, OPIC has primarily operated on a "demand-driven," private sector-initiated approach to respond to the needs of U.S. businesses. While that "demand-driven" model will continue, the Administration will also make greater use of the DFC to advance U.S. foreign-policy objectives in the developing world through a policy-driven approach, in addition to the USAID Mission-led, deal-development approach currently used by DCA, that will allow USAID Missions—now with more financial tools—to support priority areas and increase measurable development impact. Through its network of Embassies around the world, the State Department will ensure that DFC tools and resources are deployed in the context of a policy-driven approach to advance specific U.S. foreign policy and development priorities.

The President's Budget Request for FY 2020 requests an appropriation of \$50 million to the DFC for credit subsidies, feasibility studies, and project-specific technical assistance. In addition, the DFC will facilitate, through the CDO and the Office of Development Credit, the transfer of an additional \$50 million in additional funds from State and/or USAID to support transactions generated and implemented by either institution. This transfer will ensure access by State and USAID to the DFC's financing tools to advance the Administration's priorities through the DCA mission-led model.

STRONG LINKAGES UNDER WAY

Below are some of the ways in which the DFC is expected to advance the Administration's priorities and coordinate with other USG Departments and Agencies in the near future:

Power Africa and Prosper Africa—The DFC will be a key contributor to Power Africa and the new Prosper Africa Presidential Initiative, which seeks to advance the United States' competitive advantage on the continent by significantly increasing two-way investment and trade with Africa. With African economies growing and households increasingly enjoying more discretionary income, the African continent represents a critical market for the U.S. private sector, which has lost ground in recent years to increasingly sophisticated competition. Recognizing the economic potential of the African continent, and in view of increased geopolitical competition, the USG seeks to deepen commercial ties between the United States and Africa significantly, and to increase mutual economic prosperity. The DFC will play a particularly important role in Prosper Africa's first line of effort (Facilitating Transactions), while also contributing to its second line of effort (Fostering Fair and Accessible Business Climates and Robust Financial Sectors). A focus on infrastructure, information and communications technology, value-chains, and logistics can help advance African countries on their Journeys to Self-Reliance.

Feed the Future—Increased flexibilities under the BUILD Act make food security an attractive area for growth for the DFC compared to OPIC. As a demonstration of better linkages between USAID and the DFC, USAID and the DFC will partner to hire transaction advisors with expertise in underwriting highly developmental deals in food and water security. These advisors will lead a Feed the Future Agricultural Finance Unit within the DFC that will elevate the agriculture-finance work of both institutions, support interagency USG opportunities to engage the private sector, strengthen markets and trade policy in Feed the Future’s Target and Aligned Countries, and advance the overall goals of the *U.S. Global Food-Security Strategy*.

Women’s Global Development and Prosperity Initiative (W-GDP)—The 2X Initiative has helped set the standard for what it means to invest in women by addressing an incredible gap in access to financing in a way that advances U.S. interests to create stable and prosperous societies. The BUILD Act’s prioritization of women’s economic empowerment means the DFC will continue the 2X initiative and play a critical role in the W-GDP’s support to allow women to prosper in the workforce and succeed as entrepreneurs.

W-GDP will help ensure collaboration between the DFC and USAID’s W-GDP fund, which invites interagency transfers, including so DFC financial support can help scale up an enterprise originally backed by USAID’s grant funding. For example, on a recent trip to Ethiopia, OPIC’s Acting President and Chief Executive Officer signed a letter of interest with a woman-owned business, which originally began to grow with the help of USAID funding. Separately, USAID is backing loans made pursuant to the issuance of a \$100 million women’s livelihood bond in Asia through a DCA guarantee to support W-GDP.

America Crece—The Administration is working through the “Americas Crece” initiative to expand exports, enhance energy and infrastructure security, and increase investment throughout the region. It is an innovative, whole-of-government approach to designing achievable energy and infrastructure growth programs that address the most pressing investment barriers in each market and supports the development of financing structures aimed at optimizing the role of

private capital. With its full range of financing instruments and expanded capacity, the DFC is well placed to support these efforts.

Indo-Pacific Strategy—The Administration’s *Indo-Pacific Strategy* envisions a peaceful and secure region of sovereign nations; supports a framework for private-sector-led economic growth; and encourages a governance model that promotes growth through open, transparent, and rules-based economies. The DFC will align closely with the broader USG interagency—including through State initiatives, such as the Digital Connectivity and Cybersecurity Partnership (DCCP), the Asia Enhancing Development and Growth through Energy (EDGE) Initiative, and the Infrastructure Transaction and Assistance Network (ITAN)—to invest in digital connectivity; energy; and sustainable, high-quality infrastructure.

No government is prepared to provide enough funding unilaterally to address the Indo-Pacific’s economic and development needs, which could require as much as \$1.7 trillion annually in infrastructure financing. This challenge requires strategic partnerships, which is why OPIC has signed a trilateral Memorandum of Understanding with Japan and Australia and agreements with others in the region to combine resources, technical expertise, and private-sector funding. While signed under OPIC, these initiatives will begin showing results in FY 2020 after OPIC has merged into the DFC.

U.S.-India Development Foundation—The DFC will collaborate closely as USAID establishes the proposed U.S.-India Development Foundation (US-IDF). The US-IDF will be a locally registered Indian organization closely aligned with USAID to address three of India’s most-pressing development challenges: tuberculosis; water, sanitation, and hygiene; and pollution and its impact on health. The US-IDF will support the Union and local governments, civil society, and the private sector in India to mobilize domestic resources, particularly from impact investors and corporate social-responsibility funds, to deploy a wide range of development programming and financing to resolve its development challenges. To maximize the development impact of this unique structure, while minimizing duplication, the US-IDF will leverage the DFC’s tools to provide development-finance and equity investments.

Conclusion

A DFC with strong ties to the USG interagency promises more foreign-policy alignment and development impact than either OPIC or DCA could achieve on its own. Through the DFC, the USG—and USAID in particular—will have access to a much-deeper toolkit of development-finance tools and expertise than has been available in the past. This access to the DFC’s financing tools is critical to USAID’s core objective of promoting each partner country’s Journey to Self-Reliance. The DFC will also leverage the global footprint from U.S. Embassies and Consulates and USAID Missions around the world to increase substantially the use of development finance in the world’s least-developed countries.

As the DFC increases its ability to mobilize private capital, and USAID places more emphasis on its engagement with the private sector, close coordination between USAID and the DFC to pursue the USG’s development objectives is essential. The DFC and USAID must create and maintain strong institutional linkages if the United States seeks to maintain its leadership in international development.

Appendix A

SEC. 1462. REORGANIZATION PLAN.

.....

(c) REPORT ON COORDINATION.—

(1) IN GENERAL.—The transfer of functions authorized by this section may occur only after the President and Chief Executive Officer of the Overseas Private Investment Corporation and the Administrator of the United States Agency for International Development jointly submit to the Committee on Foreign Affairs and Committee on Appropriations of the House of Representatives and Committee on Foreign Relations and Committee on Appropriations of the Senate a report in writing that contains the information required by paragraph (2).

(2) INFORMATION REQUIRED.—The information required by this paragraph includes a description in detail of the procedures to be followed after the transfer of functions authorized by this section have occurred to coordinate between the Corporation and the United States Agency for International Development in carrying out the functions so transferred.