Reauthorization of the BUILD Act is a positive step forward for U.S. foreign policy and assistance

The U.S. Development Finance Corporation (DFC), established in the BUILD Act of 2018, is a critical tool for U.S. and global economic development and complements other U.S. foreign assistance programming. Reauthorization of the DFC and continuation of its investment and development capabilities are important steps for U.S. foreign policy and prosperity. **The current fractures in U.S. government capacity to design, implement and oversee foreign assistance programs, however, raise concerns about the DFC's potential for continued success moving forward.**

The DFC traditionally worked closely with USAID to identify investment opportunities in low and middle income countries with enabling environments for private sector growth. Given the limited in-country presence and staffing footprint at DFC, it is unclear how the reauthorization's expanded remit for DFC will be accomplished. **The reauthorization bill in the House, H.R. 5299, does not grant the DFC clear authorities to take on the roles USAID played in complementing DFC functions, and there is insufficient replacement of USAID's role within the Department of State.**

Earlier this year, the DFC Office of the Inspector General's report on "Top Management Challenges" noted concerns about inadequate staffing, and limited monitoring and measurement of outcomes as DFC lending capacities have grown.[1] H.R. 5299 would increase the contingency liability of DFC from $60 to $250 billion, but does not ensure a proper management, oversight, and institutional structure is in place to deal with an expanded portfolio. Unlike H.R. 5299, the Senate passage of NDAA for FY26 included a BUILD reauthorization amendment (S.Amdt.3826) with clear text to preserve the DFC staff footprint, while also reemphasizing the core mission of the agency to foster growth in developing nations. This is a positive development that will strengthen the reauthorization.

[1] https://www.dfc.gov/sites/default/files/media/documents/Top%20Management%20Challenges%20Facing%20DFC%20in%20FY%202025FINAL.pdf

Published October 15, 2025

To create a stronger and more effective DFC, Congress should clarify the following directives both in the final reauthorizing language, and also in future appropriations and review of DFC congressional notifications, demanding that agency leadership:

1) **Increase the technical staffing footprint**
While H.R. 5299 eliminates the role of the Chief Development Officer, the Senate amendment not only retains this important position, but also requires the agency to hire sufficient staff to maintain operational readiness. In final reauthorizing language, Congress should pass language that retains the Chief Development Officer position and sufficient staff numbers.

    In appropriations, Congress should mandate that DFC use operational expenses to hire and retain sufficient local, regional, and centralized staff with a strong technical expertise critical to sourcing and monitoring bankable deals in the specific sectors and local economies where investments will be prioritized.

2) **Create a comprehensive monitoring and evaluation framework for DFC activities with clear outcome metrics of success**
In addition to Congressional mandates for regular reporting to key committees on DFC activities, Congress should mandate that all activities build on a clear monitoring and evaluation framework that tracks outcome measures of economic growth, financial returns and development impact in partner countries. This mirrors best practice by private sector impact funding.

3) **Reemphasize the "D" in DFC, prioritizing investments in developing countries, not the U.S.**
Reauthorization texts expand the DFC's lending capacity to high income countries. While the DFC can support U.S. efforts to diversify its sourcing, such as of critical minerals, these efforts should focus on the DFC's original overseas mandate to develop partner countries where they will improve local economic stability, while still strengthening markets for U.S. businesses and bolstering resilience in critical supply chains. In the final reauthorization text, and future appropriations and CN reviews, Congress can ensure the DFC's activities remain focused on developing countries' economic growth.

Frequently Asked Questions

What does it mean that the reauthorization has now lapsed?
DFC's reauthorization deadline of October 6, 2025 has now passed. This means that there will be a funding pipeline gap moving forward, threatening DFC's ability to move new projects forward and manage existing activities.

On October 9, 2025, the U.S. Senate passed the National Defense Authorization Act of FY 2026 with an amendment to reauthorize BUILD and the DFC. The text of this amendment differs from the House bill 5299: if the House decides to move forward with an amendment of their own to NDAA, rather than pass H.R. 5299, we recommend that the text echo the Senate version to not only ensure quick passage, but also reinforce the central purpose of the DFC to improve the economic development of low and middle income countries.

How does the Senate NDAA amendment on DFC reauthorization (S.Amdt.3826) differ from H.R. 5299?
The Senate amendment has four key strengths that should be taken up in the House:

1) More specific language to prioritize investments in developing countries: if an investment is made in an "advancing income" country, it has to align with the agency's Strategic Investment Policy with Congressional oversight (Sec 1272).
2) Mandates clear monitoring and evaluation frameworks to capture impact at project and portfolio level (Sec 1293): this is best practice from private sector impact funds.
3) Creates accounts for equity investments and articulates parameters (Sec 1286) and Special Assistance (Sec 1287) for post-investment technical assistance. This can help fill gaps left by USAID's closure.
4) Demands adequate and appropriately qualified staffing, and consultation with current employees before any possible reorganization of the agency.

What does the DFC do?
The DFC functions largely as a bank, providing equity investments, loans, and political risk insurance in low and middle-income countries (LMICs). The DFC can lend to LMIC banks that then lend money to small businesses. DFC not only funds U.S. businesses, but helps American businesses expand opportunities in LMICs. The DFC also issues political risk insurance and offers limited project development support. In FY24, DFC invested over $12

billion in new commitments, expanding its portfolio to a total of $48 billion. The DFC can only operate in countries where:

- Private sector investment is already engaged in the economy, and
- There is a strong business enabling environment.

DFC has traditionally worked closely with other federal agencies, including USTDA, which produces feasibility studies for U.S. firms, and USAID, which worked on improving private sector governance and regulatory environment in partner nations.

What can't the DFC do?

The DFC does not provide foreign assistance, but mobilizes capital to advance U.S. business interests which also generate development impact: DFC does not deliver or build capacity in partner countries to deliver health, humanitarian, education, or other basic services to achieve development goals. Furthermore, the DFC does not have the structure or staffing footprint to work in every country, especially those experiencing fragility, or countries without robust governance and banking structures. DFC historically has not had the capacity to identify development projects on their own, but rather in partnership with other U.S. government agencies. Up until recently, the DFC did not compete with Chinese companies because Chinese government subsidies allowed them to invest in much bigger projects than the DFC's budget could absorb.

How many people work at DFC?

At the start of 2025, DFC employed around 700 individuals, concentrated mainly in Washington DC, with less than 20 overseas. In the last months, around two hundred employees have left the agency, so the current number sits around 500.

How did USAID and DFC work together?

While DFC's staff footprint globally was limited, USAID's considerable overseas staff presence provided technical assistance, market knowledge, policy reform, and catalytic funds to strengthen institutions and de-risk transactions in challenging markets, enabling the DFC to provide flexible financing tools like loans, equity investments, and political risk insurance to mobilize private sector investment in emerging markets. There are a number of critical steps in the economic development landscape necessary for DFC's success.

Without USAID, there needs to be a clear pathway for DFC to do carry out necessary investment aftercare to ensure success of operations:

1. Pipeline Development & Project Readiness
- USAID identified, incubated, and de-risked early-stage projects that could later attract DFC financing.

2. Local Presence
- USAID's in-country networks helped source viable investment opportunities and bankable transactions in developing markets.
- USAID had a strong field presence to identify potential deals and develop the DFC pipeline: DFC has a very limited field presence with roughly 20 staff stationed outside the US.
- USAID's in-country missions and staff would provide on-the-ground insights that helped shape DFC's investment strategy and mitigate operational challenges.

3. Risk Mitigation & Policy Reform
- USAID worked on enabling environment reforms (e.g., legal frameworks, business climate improvements) that reduce risks for private investors, making DFC projects more feasible.
- Without this critical work, the private sector is less likely or unable to invest in markets in low and middle income countries, either because of risk or perceived lack of return on investment.

4. Blended Finance & Catalytic Funding
- USAID provided grants and technical assistance that complemented DFC's commercial investments and concessional financing. This included assistance and advisory services to projects to ensure their success.
- Joint initiatives like Prosper Africa used USAID funds to address investment barriers and for blended finance that lowered the risk of loss for DFC projects.

5. Sectoral Expertise
- USAID had deep sectoral expertise (health, agriculture, infrastructure, digital economy) that complemented DFC's investment priorities and helped with deal due diligence and deal structure to mitigate risk..

6. Geopolitical & Strategic Alignment

- USAID and DFC worked together to advance U.S. foreign policy goals, such as countering China's Belt and Road Initiative (BRI).
- DFC's commercial approach relied on USAID's diplomatic and development expertise to deliver results at scale.

USAID acted as a force multiplier for DFC by identifying opportunities and de-risking investments. Without USAID's groundwork, the DFC pipeline may shrink substantially, and many DFC projects may struggle to materialize or achieve long-term impact.