



May 25, 2019

The Honorable Nita Lowey
Chairwoman
House Appropriations Committee

The Honorable Kay Granger
Ranking Member
House Appropriations Committee

The Honorable Hal Rogers
Ranking Member
House Subcommittee on State, Foreign Operations, and Related Programs

Dear Chairwoman Lowey, Ranking Member Granger, and Ranking Member Rogers,

As a bipartisan coalition of foreign policy practitioners and development professionals, the Modernizing Foreign Assistance Network (MFAN) writes to encourage your consideration for appropriately funding the U.S. Development Finance Corporation (DFC) in the FY 2020 State, Foreign Operations, and Related Programs Appropriations bill.

MFAN supported the bipartisan BUILD Act and sees the U.S. Development Finance Corporation as a powerful addition to the U.S. foreign policy toolkit. Implemented effectively, the new DFC will improve the coherence of U.S. efforts to engage the private sector and help partner countries sustainably eliminate extreme poverty and become more prosperous, democratic, and stable.

A critical component of the BUILD Act is the creation of a new equity authority for the DFC, giving it the same leading-edge investment tool that other development finance institutions maintain. The legislation allows for up to \$20 billion in equity investments by the DFC over the 7-year authorization. Allowing the DFC to issue equity investments will maximize its impact, improve its competitiveness, and align it more closely with other development finance partners. Equity investments will also provide a financing option that does not add to the already worrisome debt burden many countries face.

Insufficient funding for DFC equity investments would seriously erode the Corporation's ability to utilize this authority. We appreciate the amendment adopted at the May 17th Committee markup increasing the equity amount from \$25 million to \$50 million, and hope that further improvements can be made as the FY20 appropriation process continues.

In order to ensure that the DFC has the proper resources to function as the bipartisan BUILD Act intended, OMB and the Appropriations Committee should count DFC equity investments in terms of net present value, or consider an alternative legislative remedy for scoring purposes. Net present value scoring would decrease the budgetary impact of equity transactions undertaken by the DFC and significantly expand the Corporation's ability to fully utilize its equity authority without creating undue liability to taxpayers.



MFAN thanks you for your leadership in support of U.S. development and diplomacy and looks forward to working with you to build a strong, empowered, well-financed, and successful U.S. Development Finance Corporation.

Sincerely,

George Ingram, Lester Munson, and Tessie San Martin on behalf of the Modernizing Foreign Assistance Network.

A handwritten signature in black ink, appearing to read 'George M. Ingram', written in a cursive style.

George Ingram
MFAN Co-Chair
Senior Fellow, Brookings
Institution

A handwritten signature in black ink, appearing to read 'Lester Munson', written in a cursive style.

Lester Munson
MFAN Co-Chair
Principal, BGR Group

A handwritten signature in black ink, appearing to read 'Tessie San Martin', written in a cursive style.

Tessie San Martin
MFAN Co-Chair
President & CEO, Plan International USA