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White House and Congress Split in DFC Reauthorization Over Development and Congressional Oversight

BLUF: The White House and both political parties in Congress generally agree on making the Development Finance Corporation (DFC) larger, faster, and better aligned with U.S. foreign policy goals. But recent draft reauthorization texts expose two areas where the White House and Congress diverge:

[1] How to balance DFC's national security interests with its development mandate, and
[2] How much oversight Congress should have over agency priorities and investments.

Urgency

DFC must be reauthorized by Congress before October 7 in order to continue operating. Both pieces of draft legislation analyzed here reflect years of negotiation in an increasingly charged political atmosphere. The debate over DFC's development mandate has taken on new importance now that other U.S. development agencies have been dismantled or thrown into uncertainty. And with DFC likely to be larger and more empowered than ever, Congress may step up to provide more oversight and strategic direction.

Context

This memo compares two pieces of draft reauthorization legislation:

- **White House Text.** Submitted by the DFC's Acting Chief Executive to Speaker of the House Mike Johnson on June 18, 2025. It has the support of the White House Office of Management and Budget, and can be assumed to reflect the priorities of the Trump administration.
- **Senate Foreign Relations Text.** Submitted on August 1st by Senator Risch, Chairman of the Senate Foreign Relations Committee, as a proposed amendment to the National Defense Authorization Act for FY2026. It reflects a largely bipartisan consensus on the Senate Foreign Relations Committee.

Here's where they align...

	White House	Senate Foreign Relations Committee	What This Means
Increasing DFC's Lending Envelope	Raises DFC's maximum contingent liability from $60 billion to **$250 billion**.	Raises DFC's maximum contingent liability from $60 billion to **$240 billion**.	Everybody wants DFC to be able to do more. When you're talking about a dollar figure this big, the difference between $240b and $250b is minimal.
Enabling DFC to Make Equity Investments	Creates a revolving account for equity at Treasury.	Creates a **$3 billion** revolving account at Treasury, the 'DFC Equity Investment Fund.'	The revolving fund works around (rather than fixes) the accounting rules that currently prevent DFC from using its equity authority. But it means that Congress will need to appropriate additional money in future years... always a risk, especially now that the U.S. budget process is so dysfunctional.
Setting Strategic Priorities	Establishes priorities including infrastructure, critical minerals, critical supply chains and industries, energy security, and US exports.	Requires the DFC CEO to develop and share with Congress a Strategic Priorities Plan every two years. For the two-year period beginning October 2025, suggests that DFC prioritize mineral supply chains, telecom, and establishing regional offices outside the US.	Both approaches to prioritization reflect the growing importance of DFC's role as a geostrategic and foreign policy tool — and align on key areas like minerals. But the Risch text leaves the agency flexibility to refine its priorities every two years, which better reflects the uncertain nature of foreign policy and global markets.
Increasing the Agency's Risk Tolerance	Encourages DFC to "responsibly increase its risk tolerance" by scaling up the use of equity, mezzanine debt, and first-loss coverage, and by doing more in high-risk countries and sectors.	Directs the Chief Risk Officer to recommend ways to increase the agency's risk tolerance. Authorizes DFC to provide subordinate debt as long as there's a substantive policy rationale. Requires the DFC's Annual Report to include efforts to incentivize calculated risk-taking by transaction teams.	The good news: there's broad bipartisan support for taking more risk. But Risch's text is less specific on how to do it — instead requiring the agency to continue exploring ways to expand its offerings, creativity, and risk appetite.

… And here's where they don't.

	White House	Senate Foreign Relations Committee	What This Means
Safeguarding the Agency's Development Mandate	Enables DFC to invest in high-income countries as long as the President certifies to Congress that the project advances US economic or foreign policy interests.	Limits aggregate support in high-income countries to **8%** of DFC's total outstanding contingent liability. In high-income countries, limits DFC's support to **25%** of total project cost. Requires DFC to report to Congress each year on the investments in high-income countries it anticipates in the coming year. Directs the Board to establish policies to evaluate the merits of support in advancing income countries and high-income countries. Requires DFC's Annual Report to include the amount and % of DFC support provided across country income categories in the previous fiscal year and over the last five years.	The Risch text establishes common-sense safeguards and disclosure requirements that would give DFC the flexibility to do truly strategic projects globally, while maintaining the agency's focus on development in lower-income markets. None of these proposed safeguards guarantee development impact. But they clarify Congress's intent, and make it harder for DFC leadership to ignore their development mandate.
	Gets rid of the role of Chief Development Officer.	Retains the role of Chief Development Officer.	
Board Makeup	Adds the Secretary of Defense to the Board.	Does not add the Secretary of Defense to the Board.	The White House's proposal to add the Secretary of Defense to the Board highlights how seriously it takes the agency's foreign policy (and even defense) mandate. Notably, the Senate rejected this.
Transparency and Congressional Oversight	Increases the threshold for notifying Congress of a transaction from $10 million to **$100 million**.	Retains the Congressional Notification threshold at **$10 million**.	The Senate clearly wants to maintain (and even *increase*) its oversight over DFC

		Creates a Strategic Advisory Group comprising DFC leadership and Congressional advisors, chaired by the SFRC Chair.	decision-making, particularly now that its size, power, and scope are set to dramatically increase. Keeping the Congressional Notification threshold at $10 million will likely slow down agency processes without a major benefit. But the requirement to improve DFC's public reporting is crucial, as this will make it easier for both Congress and external groups to hold the agency accountable.
		Requires DFC to maintain a user-friendly, public, machine-readable database with detailed project information including support, performance metrics, and development impact.	

What happens next

Both houses of Congress will need to hammer out a final compromise, either by October 7 or early in the next fiscal year. Fortunately, despite the political climate — and thanks to the hard work of countless staffers including in the offices of Senators Risch and Shaheen — the two political parties are coalescing around a solution. There's a good chance we'll end up with reauthorizing legislation that strengthens DFC, enhances US foreign policy, and continues to prioritize investment in lower-income countries.