

United States Senate  
WASHINGTON, DC 20510-0908

COMMITTEES:  
APPROPRIATIONS  
FOREIGN RELATIONS  
SELECT COMMITTEE ON INTELLIGENCE  
SMALL BUSINESS AND ENTREPRENEURSHIP  
SPECIAL COMMITTEE ON AGING

May 31, 2022

The Honorable Scott Nathan  
Chief Executive Officer  
U.S. International Development Finance Corporation  
1100 New York Avenue NW  
Washington, D.C. 20527

Dear Mr. Nathan:

I write to express concern with the funding priorities of your agency. When creating the U.S. International Development Finance Corporation (DFC) through the *Better Utilization of Investments Leading to Development (BUILD) Act of 2018*, the law's authors intended the agency to "compete with Chinese influence in the developing world" as Beijing seeks to supplant American leadership abroad. Yet week by week, and decision by decision, your agency has shown a remarkable commitment to prioritizing the channeling of hundreds of millions in taxpayer funds towards projects that satisfy only a narrow subsection of the progressive elite: combatting climate change and promoting diversity, equity, and inclusion (DEI) priorities.

Beijing's laws dictate that investments in overseas projects, such as commercial ports, must "embed military in civilian," suggesting they will be utilized for military means at the direction of the Chinese Communist Party (CCP). Chinese Foreign Minister Wang Yi has recently proposed a sweeping security agreement with a number of Pacific Island nations, a clear indication that Beijing intends to militarize the region and make it more difficult for the United States to operate in the area. The stakes are clearly grave, yet instead of facing this challenge head on and countering the CCP's malign influence, we join climate consortiums and laud gender equity initiatives. Your agency's priorities need to change. They need to reflect the will of Congress.

As you know, the *BUILD Act* explicitly states the DFC's purpose is to "facilitate the participation of private sector capital and skills in the economic development of less developed countries... in order to complement the development assistance objectives, and advance the foreign policy interests of the United States." This represents a clear dual mandate: decisions made by the DFC should strategically advance both development and foreign policy goals. Recent activities and decisions by the DFC, however, provide little evidence that the agency is taking its strategic mandate seriously. In recent weeks, the DFC has:

- Provided a \$5 million direct loan to Ma's Tropical Food Processing Limited to, among other things, "advance gender equity and equality in Sri Lanka;"
- Committed with more than 15 global development finance institutions to "transparent and sustainable private sector investment in priority areas essential to development, including climate, health, gender equality and digital connectivity;"
- Hosted an event on "Climate Finance" to celebrate "DFC's most innovative transactions in sustainability, highlighting the breadth of financial tools DFC is bringing to bear against the climate crisis;"

- Approved a \$40 million equity investment to an African private equity firm to “improve their environmental, social, and governance standards while promoting women’s economic empowerment” across Africa;
- Approved a \$100 million “partial credit guaranty” to a fund manager to make loans to “local enterprises striving for climate-smart land management and emissions reduction,” including advancing “women’s participation in the sector;”
- Approved an \$80 million direct loan to expand “climate-resilient infrastructure in Africa and the Middle East;”
- Approved a \$5.17 million direct loan to expand “women’s access to affordable housing in India;”
- Approved purchase of a \$50 million “green note” to “support a new tool for climate finance in emerging markets;”
- Provided a press release assuring the American public that “all four of the projects approved by the [DFC] Board this quarter advance gender equity.”

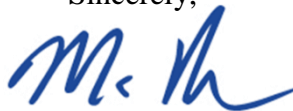
Whatever their palliative value to progressive elites, your words and actions offer little reason for confidence to anyone concerned about confronting the CCP. If this is the United States’ best hope to counter Beijing’s Belt and Road Initiative, we are in deep trouble. While the DFC prioritizes the concerns of climate-change and DEI activists, the PRC continues to systematically expand its command over foreign critical infrastructure projects that matter to the economies of Africa, Latin America, the Indo-Pacific, and beyond.

I urge your agency to follow Congressional intent and advance the foreign policy interests of the United States in your funding decisions. I also request that you provide my office with a response to the following questions:

- What steps has the DFC taken to provide, as the *BUILD Act* clearly states, a “robust alternative to state-directed investments by authoritarian governments”?
- What current and future PRC international investment activities are concerning to the DFC, and how does the agency plan to provide developing countries with a robust financing alternative?
- How does the DFC weigh its funding priorities with respect to its development and foreign policy objectives?
- When was the last time the DFC invested in a project whose primary objective was not to advance a gender equity or climate priority?
- When was the last time the DFC declined a strategically important investment opportunity because it did not believe it sufficiently advanced a gender equity or climate priority?

Thank you for your attention to this matter. I look forward to your response.

Sincerely,



Marco Rubio  
U.S. Senator