

# Roadmap for Impact

An Interview with Andrew M. Herscovitz, Chief Development Officer, U.S. International Development Finance Corporation (DFC)

**EDITORS' NOTE** U.S. International Development Finance Corporation (DFC) launched in late 2019 with a strong commitment to achieving a positive impact around the world. As part of that commitment, the agency created a new Chief Development Office to increase developmental benefits and coordinate developmental activities. Andrew Herscovitz serves as DFC's first Chief Development Officer, where he works with agency leadership to set the overall development strategy, oversees interagency coordination on development, and project evaluation. Prior to his appointment as CDO, Herscovitz served from 2013 to 2000 as the coordinator of the U.S. Government's Power Africa program to expand access to electricity on the continent. He is a Minister Counselor in the Senior Foreign Service and served from 2002 to 2013 as Regional Legal Advisor for the U.S. Agency for International Development in multiple countries in Latin America and the Caribbean.



Andrew M. Herscovitz

**COMPANY BRIEF** U.S. International Development Finance Corporation ([dfc.gov](http://dfc.gov)) is America's development bank. DFC partners with the private sector to finance solutions to the most critical challenges facing the developing world today. It invests across sectors including energy, healthcare, critical infrastructure and technology. DFC also provides

financing for small businesses and women entrepreneurs in order to create jobs in emerging markets. DFC investments adhere to high standards and respect the environment, human rights, and worker rights.

**Will you highlight the mission of the U.S. International Development Finance Corporation (DFC)?**

DFC is the U.S. development finance institution, a new U.S. Government agency that supports private sector projects that address critical challenges facing the developing world. DFC was launched one year ago through the passage of the BUILD Act which modernized and expanded the tools of the Overseas Private Investment Corporation (OPIC). We have more than \$10 billion invested in Latin America, which is the largest share of our global portfolio. Our goal is to reach the people who are most in need of investment. That's why we launched a \$75 billion development strategy called Roadmap for Impact, which aims to directly benefit at least 30 million people by 2025. My hope is that we will reach many more.

**What excited you about the opportunity to join DFC and made you feel it was the right fit?**

I started my career in the private sector, but more recently ran the U.S. Government's Power Africa initiative for seven years. Power Africa, which the Obama-Biden Administration launched, was one of the most significant U.S. Government-led models for driving private sector investment into a development sector at large scale. We worked with 12 U.S. Government agencies and over 170 outside partners to drive more than \$20 billion in real investment into 120 power deals. As a career member of the Senior Foreign Service, I have served at five U.S. embassies in Latin America and the Caribbean, as well as in Africa. With this background, I was excited to lead the launch of a new government agency and to make sure that we deployed all the tools available to DFC and the U.S. Government to de-risk and drive new investment for development. By partnering with businesses, we can support development in a manner that is efficient, effective, and innovative.

**How has DFC been impacted by the global pandemic and how is the organization navigating its efforts during this challenging and unprecedented time?**

The COVID-19 pandemic struck shortly after DFC launched, creating several unforeseen challenges for developing countries. DFC moved swiftly to respond and launched multiple initiatives to help protect lives and preserve

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livelihoods as lending was constrained and stay-at-home orders and border closures impacted small businesses. While the DFC team shifted largely to telework, we were able with the support of technology to continue mobilizing investment around the world. We’ve launched several initiatives to respond to COVID-19 including a Rapid Response Liquidity Facility that is providing additional financing to existing DFC projects that are facing challenges as a result of the pandemic.

**How does DFC support development in emerging markets and will you provide an overview of these efforts?**

DFC partners with the private sector to mobilize investment in developing countries. We provide debt and equity financing, political risk insurance, and technical support to a range of projects from large infrastructure projects such as roads and power plants to smaller projects that provide critical support to smallholder farmers, women entrepreneurs, and individuals.

**Will you discuss DFC’s focus on Latin America and the Caribbean and what has made this region a priority for DFC?**

The countries of Latin America are not only our neighbors, they are also our partners in advancing our goal of shared prosperity. This vast region encompasses a variety of different economies and development

needs. In the Northern Triangle region of Central America, comprised of El Salvador, Honduras, and Guatemala, we are working to mobilize investment as a stabilizing force and have supported multiple projects to expand access to financial services, affordable housing, clean water, and energy. In Colombia, we are supporting projects to support rural development, including construction of two major toll roads that will help connect small farmers to larger markets. We are also investing across the region in projects that will empower women economically through our 2X Women’s Initiative.

**Will you elaborate on DFC’s efforts in providing critical services to women in Latin America?**

DFC’s 2X Women’s Initiative seeks to support projects that are owned by women, led by women, or that provide a product or service that delivers a strong benefit to women. Our 2X Americas Initiative has to date invested \$7 billion to projects that advance women’s economic empowerment. One of our 2X investments in Latin America includes financing to help the nonprofit social investor Root Capital provide loans, training, and other support to sustain the livelihoods of female farmers across the region. Another involves financing to help Ecuador’s Banco Pichincha expand lending to micro- and small

and medium enterprises that are owned by or led by women or that support women. This project is expected to reach 53,000 female entrepreneurs in its first five years. Both of these projects are helping women weather some of the economic challenges of COVID-19. In El Salvador, we provided financing to help Azure Source Capital invest in upgrades to the country’s water infrastructure so that more families can access clean running water in their homes and women are freed from the time consuming task of collecting it from outside sources.

**How critical are metrics to track impact and measure results of DFC’s programs?**

Measuring our progress is a core part of our mission. That’s the idea behind DFC’s new Roadmap for Impact. We’re not just measuring our success by how much we invest, but rather what that investment produces in terms of developmental benefits. The outputs are more important than the inputs, which is why the Roadmap identifies specific metrics that DFC hopes to achieve on a sectoral basis. In addition, DFC assesses the expected development impact of each individual transaction using its new Impact Quotient (IQ) measurement tool. Tracking data is critical to helping us know whether the investments we make are improving people’s lives. ●

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