



June 6, 2019

Accountability Counsel – USA
Other Interested Civil Society Organizations and Practitioners

Re: Comments on DFC's Application for Debt Financing (DFC-004)

Dear Interested Civil Society Organizations and Practitioners:

This letter presents the Overseas Private Investment Corporation's (OPIC) response, on behalf of the U.S. International Development Finance Corporation (DFC), to comments of the Interested Civil Society Organizations and Practitioners (see Attachment A) pertaining to the OPIC Federal Register notice, titled "Submission for OMB Review; Comments Request" related to DFC's Application for Debt Financing (DFC-004), published on March 22, 2019.

In your letter of May 20, 2019, you requested that OPIC/DFC:

- 1) Augment DFC screening and monitoring procedures to assess the risk that the project will not achieve projected developmental impacts and ensure that all projects, and particularly high-risk projects, actually fulfill their projected developmental impacts. There is no specific change to the DFC-004 recommended regarding this point.

OPIC/DFC Response: OPIC considers that the achievement of both financial/operational completion and developmental impact are important components of a project's success and that neither is likely to occur without the other. The DFC will take into consideration the commenters' recommendations when developing the processes to ensure DFC-sponsored projects achieve both their financial and developmental goals.

- 2) Add language removed from the OPIC Form-256 regarding ESG policies and procedures for the Fund and portfolio companies.

OPIC/DFC Response: OPIC agrees that any applicant should have robust ESG policies and procedures. As such, any applicant is now required to submit their existing ESG policies for review at the time of the application. OPIC/DFC feels that the review of the actual established policies and procedures at the time of the application provides a more accurate picture of the Fund's ESG policies than the question previously included.

- 3) Add and amend the statement on accountability practices.

OPIC/DFC Response: OPIC/DFC concurs that this request should be added to the DFC-004. OPIC will add the following question to the DFC-004:

Please describe the Fund's practices concerning provision of accountability and access to remedy for negative sub-project impacts on Individuals and communities.

- 4) Add question regarding adoption of "Know Your Customer" policies and procedures that had existed in the OPIC Form 256.

OPIC/DFC Response: OPIC/DFC agrees with the Commenters that robust "Know Your Customer" policies are critical to minimizing reputational and integrity risks and as such has added a requirement for the applicant to attach their actual existing KYC policies and procedures to the Application as a required document. As the DFC will have the actual policy to review at the time of the application, the question was deemed redundant and removed.

- 5) Add requirements listed in the "Other-Miscellaneous" section to include description of key parties' possible inclusion on debarment lists published by various International Financial Institutions (IFIs), or their involvement in complaints lodged with Independent Accountability Mechanisms (IAMs), National Contact Points (NCPs) or other venues for community-related grievances.

OPIC/DFC Response: OPIC/DFC has evaluated the efficacy of asking applicants to provide such information in our forms vs. determining the answers via our extensive character risk due diligence utilizing independent information sources, which include IFI debarment lists. We have found that the independent due diligence process is more effective in uncovering information on these important topics than attempting to collect such information through the form. Therefore, adding this requirement is unnecessary.

OPIC appreciates your comments to the DFC-004 and your engagement on these important issues.

Sincerely,



Genevieve Stubbs
Senior Administrative Counsel
Overseas Private Investment Corporation

Attachment A -- Interested Civil Society Organizations and Practitioners

Abibiman Foundation – Ghana
Accountability Counsel – United States
Actions Paysages contre la Faim – Democratic Republic of Congo
African Coalition for Corporate Accountability (ACCA) – South Africa
Buliisa Initiative for Rural Development Organisation (BIRUDO) – Uganda
Center for Biological Diversity – United States
Center for International Environmental Law (CIEL) – United States
Centre for Human Rights and Development – Mongolia
COMPPART – Nigeria
Conseil Régional des Organisations Non Gouvernementales de Développement – Democratic Republic of Congo
Friends of the Earth U.S. – United States
Fundación Ambiente y Recursos Naturales – Argentina
Gender Action – United States
Greenpeace U.S. – United States
International Accountability Project (IAP) – United States
Lumière Synergie pour le Développement – Senegal
Nash Vek Public Foundation – Kyrgyzstan
Observatoire d'Etudes et d'Appui à la Responsabilité Sociale et Environnementale (OEARSE) – Democratic Republic of Congo
Oyu Tolgoi Watch -- Mongolia
Rivers without Boundaries Coalition – Mongolia
Youth For Environmental Education and Development Foundation (YFEED Foundation) – Nepal
Youth Group on Protection of Environment -- Tajikistan