

October 9, 2020

*VIA Electronic Mail*

Stephanie Amoako, Esq.  
Senior Policy Associate  
Accountability Counsel  
1875 Connecticut Ave NW, 10<sup>th</sup> Floor  
Washington, DC 20009

RE: Response to Comments to DFC Notice on Form DFC-008

Dear Ms. Amoako:

This letter presents the U.S. International Development Finance Corporation's ("DFC") response to comments of the Accountability Counsel and other organizations (the "Commenters") pertaining to the DFC *Federal Registrar* notice, "Development Outcomes Survey (DOS) published on July 10, 2020.

DFC-008 is DFC's Development Outcomes Survey and is used by the Office of Development Policy to monitor a project's progress. This form is part of DFC's monitoring and evaluation strategy to ensure DFC has an understanding of how each project is performing. This form provides DFC with actual development impacts of the project on an annual basis so that DFC is able to compare the projected impacts received from Form-007 with the actual impacts. There is information included in this form to update DFC on project compliance, however, this form does not serve as the primary communication to ensure projects are within compliance. DFC has multiple mechanisms and processes to ensure that projects are meeting compliance.

The information provided by the client to DFC on Form 008 is reviewed and evaluated by DFC analysts. While Form 008 provides annual updates to DFC on the status of projects, this form works in conjunction with other monitoring processes within DFC and with onsite evaluations that are performed routinely by DFC analysts.

We welcome and appreciate feedback and comments on DFC's Development Outcomes Survey. The Commenters have recommended the following types of changes:

1. Adding additional questions
2. Expanding current questions
3. Requiring the client to include additional documentation
4. Adding additional information or definitions
5. General feedback

***Expand Current Question: Q202A-Q202G***



Commenters' Comments and Recommendation:

DFC-008 includes some questions on the environmental and social impacts of the project. However, some of these questions fail to require detailed information about the client's actions to address the identified negative impacts. Our suggested modifications (sections 2, 3, and 12) aim to ensure that DFC receives comprehensive information on the impacts of clients' projects (changes highlighted and in bold):

[IF YES TO ANY Q201A – Q201G, ASK]: Q202A – Q202G Please click here to upload this document.  
**For the grievance mechanism, include information about past and ongoing complaints and whether the mechanism undergoes a regular third-party audit to assess its effectiveness.**

DFC Response:

DFC agrees with this recommendation and will incorporate it with a small edit to the proposed language, which has been included below in italics.

For the grievance mechanism, include information about past and ongoing complaints *not previously reported to DFC* and whether the mechanism undergoes a regular third-party audit to assess its effectiveness.

***Expand Current Question: Q202H***

Commenters' Comments and Recommendation:

DFC-008 includes some questions on the environmental and social impacts of the project. However, some of these questions fail to require detailed information about the client's actions to address the identified negative impacts. Our suggested modifications (sections 2, 3, and 12) aim to ensure that DFC receives comprehensive information on the impacts of clients' projects (changes highlighted and in bold):

Q202H Is the project currently in compliance with all conditions in the DFC contract or consent with respect to environment, **social impacts**, health and safety?  
Yes/No

DFC Response:

DFC agrees with this recommendation and will incorporate it as recommended. Thank you for this helpful suggestion.

***Expand Current Question: Q202I***

Commenters' Comments and Recommendation:

DFC-008 includes some questions on the environmental and social impacts of the project. However, some of these questions fail to require detailed information about the client's actions to address the identified negative impacts. Our suggested modifications (sections 2, 3, and 12) aim to ensure that DFC receives comprehensive information on the impacts of clients' projects (changes highlighted and in bold):



Q202H Is the project currently in compliance with all conditions in the DFC contract or consent with respect to environment, health and safety? Yes/No

[IF Q202H=NO, ASK] Q202I Please describe the areas of non-compliance **and attach documentation that details the actions taken to remedy.**

DFC Response:

Thank you for this recommendation. DFC does not believe this addition is necessary as a “NO” response to Question 202H would require additional follow-up by a DFC analyst.

***Expand Current Question: Q202J***

Commenters’ Comments and Recommendation:

DFC-008 includes some questions on the environmental and social impacts of the project. However, some of these questions fail to require detailed information about the client’s actions to address the identified negative impacts. Our suggested modifications (sections 2, 3, and 12) aim to ensure that DFC receives comprehensive information on the impacts of clients’ projects (changes highlighted and in bold):

Q202J Has the project been cited or fined for any violation of local or host country environmental, **human rights**, health or safety laws during the past 12 months? Yes/No

DFC Response:

DFC agrees with this recommendation and will incorporate it as recommended. Thank you for this helpful suggestion.

***Expand Current Question: Q202K***

Commenters’ Comments and Recommendation:

DFC-008 includes some questions on the environmental and social impacts of the project. However, some of these questions fail to require detailed information about the client’s actions to address the identified negative impacts. Our suggested modifications (sections 2, 3, and 12) aim to ensure that DFC receives comprehensive information on the impacts of clients’ projects (changes highlighted and in bold):

Q202J Has the project been cited or fined for any violation of local or host country environmental, health or safety laws during the past 12 months? Yes/No

[IF Q202J]=YES, ASK] Q202K Please explain **and attach documentation that details the actions taken to remedy these violations.**

DFC Response:

Thank you for this recommendation. DFC does not believe this addition is necessary as a “NO” response to Question 202J would require additional follow-up by a DFC analyst.

***Expand Current Question: Q210A***

Commenters' Comments and Recommendation:

DFC-008 includes some questions on the environmental and social impacts of the project. However, some of these questions fail to require detailed information about the client's actions to address the identified negative impacts. Our suggested modifications (sections 2, 3, and 12) aim to ensure that DFC receives comprehensive information on the impacts of clients' projects (changes highlighted and in bold):

Q210 Have there been any changes in the design or capacity of the project that result in increased hazards to workers, area residents, or the environment during the past 12 months? Yes/No

[IF Q210=YES, ASK] Q210A Please describe: **and attach documentation that details the actions taken to avoid, mitigate, and remedy these hazards.**

DFC Response:

Thank you for this recommendation. DFC does not believe this addition is necessary as a "YES" response to Question 202J would require additional follow-up by a DFC analyst.

***Expand Current Question: Q317***

Commenters' Comments and Recommendation:

The Human Resources section (Section 3) can be also strengthened to take into account grievance mechanisms complaints and the actions that the applicant has taken to remedy any violation of the host-country laws (highlighted and in bold):

Q317 To the best of your knowledge, has the project experienced any of the following? This can be self-diagnosed, or as a result of official inspections or other audits. Yes / No

B. Labor-related lawsuits **and grievance mechanism complaints** against the project

DFC Response:

DFC agrees with this recommendation and will incorporate it as recommended. Thank you for this helpful suggestion.

***Add New Question***

Commenters' Comments and Recommendation:



The Human Resources section (Section 3) can be also strengthened to take into account grievance mechanisms complaints and the actions that the applicant has taken to remedy any violation of the host-country laws (highlighted and in bold):

Q317 To the best of your knowledge, has the project experienced any of the following? This can be self-diagnosed, or as a result of official inspections or other audits. Yes / No

**[IF Q317=YES, ASK] QXX Please describe and attach documentation that details the actions taken to remedy the violations or disputes.**

DFC Response:

Thank you for this recommendation. DFC does not believe this addition is necessary as a "YES" response to Q317 would prompt additional follow-up by DFC analysts.

***Expand Current Question Q1204d1***

Commenters' Comments and Recommendation:

In Section 12, we commend the questions regarding displacement and resettlement. However, considering the impacts of involuntary resettlement, DFC should require more information on the resettlement action plan (changes highlighted and in bold):

Q1204d Physical displacement and resettlement of people in the host country  
Yes / No

[IF Q1204d=YES, ASK] Q1204d1 How many households will be displaced?

**\_\_\_\_\_ Please attach the Resettlement Action Plan.**

DFC Response:

Thank you for this recommendation. DFC does not believe this addition is necessary. If a Project triggers Performance Standard 5, there are requirements and oversight that is separate from information collected in this form. This question is meant to ensure that no new displacement is occurring and a positive response to this question would prompt additional follow-up from DFC analysts.

***Expand Current Question Q1201***

Commenters' Comments and Recommendation:

Projects that respect the rights of project-affected communities are only possible when communities are consulted early in the project development process and continuously throughout the project cycle. DFC must ensure that applicants have processes in place to ensure robust consultation and must acquire Free Prior and Informed Consent (FPIC) from affected communities. DFC-008 includes a question on community consultations and requires attaching documentation. To make this

question more robust, the question should be revised in the following manner (highlighted in bold):

Q1201. Has the Project engaged with communities impacted by the project **throughout every stage of project design and implementation** (including disadvantaged and vulnerable groups)?

DFC Response:

DFC agrees with this recommendation and will incorporate it as recommended. Thank you for this helpful suggestion.

**Expand Definitions**

Commenters' Comments and Recommendation:

Additionally, the examples of disadvantaged and vulnerable groups included in the pop-up for this question and other questions in DFC-008 should be expanded to include populations that are marginalized because of social status, disability, sexual orientation or gender identity, age (including children), health status or political opinion, and those who have little flexibility to rebound when disruptions to their livelihoods occur due to their economic and social circumstances.

DFC Response:

Thank you for this recommendation. The examples listed in the pop-up are not meant to be exhaustive and are there to provide guidance to the client. However, DFC has added “and other marginalized groups” to the pop-up bubble.

**Expand Current Question: Q1202**

Commenters' Comments and Recommendation:

To minimize risks to DFC and its investments, as well as affected communities, DFC should additionally require the applicant to disclose prior or current IAM or NCP complaints against the project, applicant, any related party or affiliate of the applicant, or any supplier to the project (changes highlighted and in bold):

Q1202 Has the Project been involved in a community dispute or complaint resolution process, **including at an Independent Accountability Mechanism of an International Financial Institution**? Yes / No

DFC Response:

DFC agrees with this recommendation and will incorporate it as recommended. Thank you for this helpful suggestion.

**Add New Question:**

Commenters' Comments and Recommendation:



To minimize risks to DFC and its investments, as well as affected communities, DFC should additionally require the applicant to disclose prior or current IAM or NCP complaints against the project, applicant, any related party or affiliate of the applicant, or any supplier to the project (changes highlighted and in bold):

**QXX Is the Project, applicant, any related party or affiliate of the applicant, or any supplier to the Project currently or previously associated with an OECD National Contact Point complaint?**

DFC Response:

DFC agrees with this recommendation and will incorporate it as recommended. Thank you for this helpful suggestion.

**Expand Current Question: Q1202a**

Commenters' Comments and Recommendation:

To minimize risks to DFC and its investments, as well as affected communities, DFC should additionally require the applicant to disclose prior or current IAM or NCP complaints against the project, applicant, any related party or affiliate of the applicant, or any supplier to the project (changes highlighted and in bold):

[IF Q1202 and QXX=YES, ASK] Q1202a Please describe the **nature and status of the** dispute or complaint and list steps being taken to resolve it **and attach supporting documentation.**

DFC Response:

Thank you for this recommendation. DFC does not believe this addition is necessary as this question is only answered if a client answers "YES" to Q1202 and a "YES" response to Q1202 would prompt additional follow-up by DFC analysts.

**General Feedback**

Furthermore, these questions should also be included in the section for financial services clients and projects. Although investing in financial intermediaries (FIs) can help mobilize funds and attract private capital for economic development, this type of lending also comes with significant risks, particularly around clients' adherence to environmental and social safeguards. It is therefore crucial that DFC's FI clients have robust environmental and social practices, including human rights, environmental, and social due diligence and monitoring of sub-projects as well as accountability and access to remedy, including through DFC's IAM, for project-affected communities. DFC must properly monitor FI clients to ensure that they abide with these practices.

DFC Response:



DFC agrees with this recommendation and will include Section 12 for financial services projects. Thank you for this helpful suggestion.

*Add New Questions*

Globally, individuals defending their human rights and the environment have increasingly faced intimidation, violence, and reprisals. DFC-008 should include a question on the applicant's protocol for preventing and addressing threats of and actual retaliation against complainants or those associated with project complaints or grievances. We recommend adding the following question in Section 12:

**QXX Does the Project have a protocol to prevent and address threats of or actual retaliation against grievance mechanism complainants and those associated with Project complaints or concerns? Yes / No**

**[IF QXX= YES, ASK] QXX Please describe the Project's protocol and attach supporting documentation. Discuss any instances or threats of reprisals related to the Project and the steps taken to address them.**

DFC Response:

DFC agrees with this recommendation and will incorporate it as recommended. Thank you for this helpful suggestion.

DFC appreciates the Commenter's comments and recommendations to the DFC-008.

Sincerely,

A handwritten signature in black ink, appearing to read 'Claire F. Avett', with a stylized flourish at the end.

Claire F. Avett  
Vice President, Office of Development Policy  
U.S. International Development Finance Corporation

CC: