

Comments to the Draft Transparency Policy of the U.S. International Development Finance Corporation

On behalf of Publish What You Fund, the global campaign for aid and development transparency, and Friends of Publish What You Fund, the US-based sister organization, we submit the following comments on the US Development Finance Corporation (DFC) draft Transparency Policy issued on August 7, 2023. At the outset, we commend the DFC for providing the opportunity to comment and for a sufficient comment period on this important issue.

Importance of Transparency

When the DFC was created through the BUILD Act, the commitment was made that it would set the gold standard for transparency among Development Finance Institutions (DFIs), which was an important factor in obtaining and keeping the support from a variety of stakeholders. Transparency has a multitude of benefits, including more informed decision making, better accountability to all stakeholders, better learning (both across the DFC and among other DFIs), improved development outcomes, providing important investment information for private partners, and increased trust and support from stakeholders and Congress.

Given this central role, the policy should reaffirm the commitment to and importance of transparency to the DFC's mission and success. Further, the policy should affirm that there is a presumption of proactive disclosure with limited and narrowly drawn exceptions. While there are legitimate instances of commercially confidential information, these should be narrowly used and, going forward, DFC should structure investments to minimize these claims. Finally, consistent with US policy,¹ all information, to the extent possible, should be open and machine readable.

- *Section 1 should be amended to specifically include a reaffirmation of the importance of and commitment to transparency, adoption of the principle of proactive disclosure with narrowly drawn and limited exceptions, including claims of commercial confidentiality, and a commitment to releasing information in an open and machine-readable format.*

¹ See Executive Order "Making Open and Machine Readable the New Default for Government Information", May 9, 2013.

Legal Requirements

Section 2 of the draft policy sets forth the various disclosure requirements with which DFC must comply. One of the legal obligations is compliance with the Foreign Aid Transparency and Accountability Act of 2016 (FATAA). The draft specifically references section 3 of FATAA, which addresses issues related to monitoring and evaluation. However, it does not reference section 4, which mandates the quarterly reporting of detailed project level information. Included in section 4 is the reporting of:

- Quarterly publication of comprehensive, timely, and comparable US foreign assistance information on [ForeignAssistance.gov](https://www.foreignassistance.gov) or a successor website. The information shall be published for each country in a “detailed” way, such as award-by-award; where programs are regional, then detailed regional information is allowed.
- Required information includes links to all regional, country, and sectoral assistance strategies, annual budget documents; Congressional Budget Justifications and evaluations; basic descriptive summaries of foreign assistance programs and awards under those programs; and obligations and expenditures.

Similarly, the BUILD Act requires the disclosure of project level information in section 1444.²

DFC’s information on [ForeignAssistance.gov](https://www.foreignassistance.gov) is limited and incomplete as it only reports obligations for technical assistance.³ This is inconsistent with the requirements of section 4 of FATAA and Section 1444 of the BUILD Act.

- *Section 2.1 should be amended to specifically include reference to both section 1444 of the BUILD Act and to section 4 of FATAA and the requirement to publish detailed information as set forth in section 1444 and section 4(b).*

Transaction-Level Data

DFC has been improving its disclosure of investment level data. Recent disclosures in the transaction database have provided much needed and updated investment level information.

² SEC. 1444. PUBLICLY AVAILABLE PROJECT INFORMATION. The Corporation shall— (1) maintain a user-friendly, publicly available, machine-readable database with detailed project-level information, as appropriate and to the extent practicable, including a description of the support provided by the Corporation under title II, including, to the extent feasible, the information included in the report to Congress under section 1443 and project-level performance metrics; and (2) include a clear link to information about each project supported by the Corporation under title II on the internet website of the Department of State, “[ForeignAssistance.gov](https://www.foreignassistance.gov)”, or a successor website or other online publication.

³ See, e.g., [ForeignAssistance.gov by Agency](https://www.foreignassistance.gov), DFC for FY 2022. The information (noted as partial reporting only) reports \$27,609,653 in obligations and *only* includes technical assistance in the project information. This is the highest dollar amount of reporting for DFC on [Foreign Assistance.gov](https://www.foreignassistance.gov); all other fiscal years are likewise limited to technical assistance.

DFC has also, for the first time, provided important 2X Challenge information that puts it ahead of other DFIs. Although lagging behind the leading MDBs, DFC ranked as the top bilateral in Publish What You Fund's [DFI Transparency Index](#). DFC should be commended for these improvements, while recognizing that significant work remains.

Publish What You Fund's [DFI Transparency Tool](#) sets forth the detailed information that all DFIs should be disclosing on a regular basis. The information is both at an organizational level and investment level and addresses four main areas – core information, financial information, impact management, and ESG and accountability to communities. There is also a fifth category that address sub-investments by financial intermediaries. Disclosure of this information is fundamental to understanding the work of all DFIs, including development impact, mobilization of private capital, and whether ESG policies exist and are being followed. Important as this information is, however, it should not be viewed as the limit of disclosure. Finally, there are specific areas where disclosure is lagging and should be prioritized:

Development Impact. DFC has developed and improved upon its impact management tools, including its [Impact Quotient](#) to estimate and measure its development impact. It provides an overview of these tools including how the various tools are used. It does not, however, provide any information on how these tools, including the IQ, are applied and then tracked with respect to specific projects (the Annual Report provides portfolio impact information). This information should not be deemed commercially confidential and should be systematically disclosed. The transparency policy should specifically call for the disclosure of disaggregated ex-ante and ex-post impact scores and results.

Private Capital Mobilization. One of the primary purposes behind the DFC is to mobilize private capital alongside its investments in addressing global development needs. To date, DFC has not provided sufficiently disaggregated mobilization data at the project level.⁴ Without this critical information, it is unclear the extent to which DFC funding is incentivizing private sector investment. Additionally, information on which types of instruments are mobilizing the private sector are also critical to understand what is working and what isn't. The transparency policy should provide further levels of disaggregation, ideally at the project level.

Environmental and Social Impact. DFC currently discloses ESAs for Category A projects a minimum of 60 days prior to Board approval. To fully disclose projects that might have a significant adverse environmental or social affected on communities, DFC should fully disclose all E&S information and documentation for which some E&S assessment has been done. Additionally, it should make disclosure of the accountability mechanism of the Office of Accountability (and how to contact it) a requirement for all projects. It should then affirm that this has been undertaken and that its Environmental and Social Policy and Procedures have been followed by its clients

⁴ DFC does provide portfolio level information in its [Annual](#) report.

Accessibility/Useability

Meaningful disclosure requires that the publicly available information be provided in an accessible and useable manner. We have the following suggestions to improve the useability of DFC's data:

- The [Active Project database](#) provides useful information on basic project information, but the project narratives are only available via *pdf* format, making it less accessible and harder to search. Further, the *pdf* is not updated from its original publication and information in this database is often inconsistent with the downloadable database.
- The [Environmental and Social Impact Assessments](#) are published on a separate page from the Active Project database and the titles of projects do not always correspond to final project names, and E&S documentation is not migrated to the Active Project page.
- The [downloadable database](#) provides good project level information, but it needs to be updated on a more regular basis. Ideally, DFC would create a project database (see, e.g., [IFC](#), which publishes information and documents about each project (e.g., title, partners, ES&G data and documents, project updates)) on a page specific to each project. Updates to the underlying database automatically update the project page so all data is synced and consistent. Such a database could also include all pipeline projects (as done by IFC and IDB Invest).

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