



FRIENDS OF PUBLISH WHAT YOU FUND'S COMMENTS ON DRAFT TRANSPARENCY POLICY BY THE DEVELOPMENT FINANCE CORPORATION

[Friends of Publish What You Fund](#) (Friends), a 501 (c)(3) non-profit corporation, submits these comments in response to the public notice and comment period for the Draft Transparency and Draft DFC Board of Directors Public Engagement Policy.

Friends was established in 2015 with the objective of promoting better US foreign assistance outcomes through better information. To achieve these goals, foreign aid and development data should be transparent, accessible to a range of stakeholders, and used for decision making. The benefits of transparency include better accountability and more learning and should allow the DFC to earn the trust of stakeholders and Congress and improve development outcomes.

At the outset, the DFC made the commitment to set the gold standard on transparency among development finance institutions. Friends welcomes both the draft policy on transparency and the recognition of the broad benefits of wide stakeholder engagement. The policy commitments, particularly at the project level, warrant particular mention, as does the prioritization of stakeholder engagement for policy, strategy, and other DFC priorities. In addition to our broad support for these draft policies, Friends recommends that the DFC consider some additional specific changes, discussed below.

Presumption of disclosure.

Consistent with government policy and best practice, DFC should apply a presumption of disclosure regarding government data and all exceptions should be clearly defined and explained.¹ It would also be helpful, as some DFIs now do, to provide implementation

¹ For example, both the [Asian Development Bank](#) and [IDB Invest](#) have disclosure policies that provide a presumption of disclosure as well as limited exemptions.

guidelines to staff with procedures to be followed (e.g., what and when information should be disclosed) to ensure consistent application of the policy.

Project level information

Development impact. Providing specific project level impact information is critical to understanding an investment's predicted as well as its actual impact. DFC's Impact Quotient (IQ) tool provides a robust approach to measuring development impact. It was developed in a consultative way with a number of stakeholders, resulting in a better product with strong stakeholder support. The draft transparency policy includes those parts of the project level IQ analysis that it will start to make publicly available. We believe this is a very positive step forward and will help stakeholders, shareholders, and other DFIs better understand DFC's project-level developmental impact. It will also set an important and valuable precedent.

We also note that the Foreign Aid Transparency and Accountability Act of 2016 (FATAA), which was applied to the DFC in its authorizing legislation, the BUILD Act, requires quarterly reporting of project level information. We assume, therefore, that to the extent that there are project updates, those would also be included in the quarterly publications. Additionally, we suggest that the following also be included in project reporting:

- Interim or monitoring reports, such as annual updates;
- Ex-post indicators of actual development impact, attribution of the impact to the investment, and publication of any evaluations;
- Amount of DFC investment, type of financing, and any investment partners;
- In the qualitative descriptions that DFC proposes to publish, include a description of how each investment aligns with the DFC strategy and objectives; an explanation of what market failures are being addressed and why private capital is insufficient; and
- Portfolio or sectoral level performance with the details of the development impact and financial benchmarks.

Project Support. The DFC has several databases in which it reports on its investments. We have the following comments and suggestions.

- The **Active Project** database provides useful information on basic project information, but the project narratives are only available via a pdf, making it less accessible and harder to search. We suggest that to the extent possible the public project information be open and machine readable² and that all data be downloadable in a format such as CSV or Excel.³ Ideally, the database also should be expanded to include all pipeline

² This is consistent with Executive Order "Making Open and Machine Readable the New Default for Government Information", May 9, 2013.

³ There is a downloadable database of project level data for FY 2003 to FY 2018, but it hasn't been updated since then. Further, it doesn't include all projects and doesn't include any DFC investments.

projects as the IFC and IDB Invest already do. This could also be where E&S information is housed instead of in a separate place on the website (see below on E&S).

- **FATAA** mandates that there be quarterly publication of project level information on ForeignAssistance.gov. The DFC is covered by FATAA, although it is not listed as one of the reporting laws that governs the DFC in the draft transparency policy. The requirements for FATAA publication are set forth in Section 4 of the statute and include:
 - Quarterly publication of comprehensive, timely, and comparable US foreign assistance information on 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 were regional, then detailed regional information is allowed.
 - Required information:
 - 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.

At this point, there is no data for the DFC on Foreign Assistance.gov. There is some information about its predecessor, OPIC, but that information is incomplete. In addition to posting DFC’s quarterly data, it would be helpful to know how projects that are ongoing during the transition from OPIC to DFC will be reported.

- **OECD DAC data.** At this point there, no data from the DFC has been reported on the OECD DAC database. Typically, for DFIs, the data is only at the portfolio or sectoral level. Since the DFC will already be reporting project level data to ForeignAssistance.gov, reporting this same disaggregated data to the DAC would make the DFC a leader among DFIs for this data set.

Environmental and Social Reporting. DFC regularly publishes E&S impact assessments 60 days prior to project approval, which follows IFC Performance Standards. We were unable, however, to find an explicit statement to that effect. For purposes of transparency, we suggest that the DFC be explicit about its commitment to adhere to IFC Performance Standards both for disclosure around high risk projects and disclosure to project-affected communities. Finally, it would be helpful if the E&S information was made more coherent with the DFC Active Projects database. For example, names of projects don’t always correspond with the final names of projects in the Active Projects database. Moreover, once a project is approved, the E&S documents should be migrated to the Active Projects database, which does not currently happen.

Stakeholder Outreach. Finally, Friends is very supportive of DFC outreach to various stakeholders during the process of policy and strategy development. In particular, the outreach done during the development of the IQ tool can serve as a model for constructive engagement

with stakeholders. This kind of outreach helps to build support for the DFC and contribute to its long term success. Holding a convening early on to get stakeholder input at the outset is also recommended.

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