

February 3, 2023

U.S. International Development Finance Corporation
1100 New York Avenue NW
Washington, D.C. 20527

Re: Comments on DFC's Development Outcomes Survey (DFC-008)

To whom it may concern:

Thank you for the opportunity to comment on the United States International Development Finance Corporation's (DFC) Development Outcomes Survey (DFC-008). As civil society organizations and practitioners who advocate for accountability in development finance and support those who have been harmed by development projects, we have a deep interest in ensuring that DFC's projects adequately address risks to communities affected by these projects, which can undermine the sustainability of DFC's investments.

DFC-008 is the principal document used by DFC to review and update a client's developmental impact profile and determine the project's compliance with DFC's policies. In September 2020, we submitted comments on DFC-008 – many of our suggestions were accepted, which we greatly appreciate. Others were not, which we outline below. We also make additional suggestions in order to strengthen the document further, especially to ensure DFC's portfolio is helping those communities most in need. Below we highlight in bold additions to questions and suggested new questions with explanations for the additions.

DFC indicated in its response to our 2020 recommendations that certain recommendations would be accepted. However, this updated version of DFC-008 does not include these previously accepted recommendations. We have noted these recommendations in the attached copy of DFC's response and request that the recommendations again be implemented.

Project Environmental and Social Characteristics

Q201 Is the Project currently in compliance with all conditions in the DFC contract or consent with respect to environment, **biological diversity**, social impacts, health and safety?

[Around 1 million species face extinction](#) in the next few decades and 10 percent of the earth's wilderness has been lost in the past two decades. Therefore, it is of the utmost that we ensure that DFC's projects do no harm to the earth's biological diversity.

Q212 Have any accidents occurred that resulted in loss of **or injury to** human life or material impacts on the environment during the Reporting Period?

DFC should also be made aware of any injuries that occur at projects as this could indicate a failure to follow local or national regulations or best safety practices.

Q213 Has the Project engaged with communities impacted by the Project (including disadvantaged and vulnerable groups) **in the local language** during the Reporting Period **throughout every stage of project design and implementation?**

Engagement is only meaningful if impacted communities are able to understand the information that is being given and fully communicate with the companies. Further, 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.

[IF Q214=YES, ASK] **Q214A** Please describe the **nature and status** of the dispute or complaint and list steps being taken to resolve it **and attach supporting documentation:**

To minimize risks to DFC and its investments, as well as affected communities, DFC should additionally require detailed information on complaints received.

Q217 Did any job losses occur as a result of the project, including from the displacement from or loss of access to land or water?

Projects can often result in the loss of livelihoods, which should be made known. For example, with the [gas development in northern Mozambique](#), fisherfolk lost access to water or were only given access to water where there was a lot of competition or little fish to catch.

Project Benefits to the Environment and Community

Q401C Please provide an explanation of the efforts taken and technologies implemented to reduce the GHG emissions and other air pollutants.

Mitigation measures are important to ensure that the Project is using the best available technologies to reduce emissions where possible and not cutting costs in a manner that will result in greater air pollution.

Q401D What alternatives to the Project were assessed, including renewable energy?

Environmental and social impact assessments often include very weak alternatives analyses for power sector projects that often do not consider renewables alternatives.

Sector-Specific Metrics

Q909 Amount of renewable energy (i.e., solar, wind, hydro, geothermal, tidal) produced, expressed in gigawatt hours (GWh). (NUMBER)

It is important to specifically articulate what constitutes renewable energy to ensure that companies are not including technologies that have deleterious impacts on the environment and local communities, such as many types of large-scale bioenergy.

Q910 Number and location of on-grid connections for households. (NUMBER, CITY/ADDRESS)

Knowing greater details about where the connections are being made will help DFC ensure that those most in need, especially poorer and rural users are those that are benefiting from the increased access to electricity.

Q911 Number and location of on-grid connections for businesses. (NUMBER, CITY/ADDRESS)

Knowing greater details about where the connections are being made will help DFC ensure that those most in need, especially poorer and rural users are those that are benefiting from the increased access to electricity.

Q912 Number and location of off-grid power systems installed for households. (NUMBER, CITY/ADDRESS)

Knowing greater details about where the connections are being made will help DFC ensure that those most in need, especially poorer and rural users are those that are benefiting from the increased access to electricity.

Q913 Number and location of off-grid power systems installed for enterprises/businesses/organizations. (NUMBER, CITY/ADDRESS)

Knowing greater details about where the connections are being made will help DFC ensure that those most in need, especially poorer and rural users are those that are benefiting from the increased access to electricity.

Q914 Number and location of micro-grid connections installed. (NUMBER, CITY/ADDRESS)

Knowing greater details about where the connections are being made will help DFC ensure that those most in need, especially poorer and rural users are those that are benefiting from the increased access to electricity.

Q929 Number of residential dwellings destroyed. (NUMBER)

DFC should be made aware of the negative impacts to households in case it is not properly captured in the other sections.

Q938 Length of road/railway/subway track/rapid bus line constructed, expressed in kilometers. (NUMBER)

DFC should look for projects that are improving the availability and reliability of public transit to reduce reliance on cars, thereby reducing transportation emissions and the need for transition minerals.

Q939 Length of road/railway/subway track/rapid bus line improved, expressed in kilometers. (NUMBER)

DFC should look for projects that are improving the availability and reliability of public transit to reduce reliance on cars, thereby reducing transportation emissions and the need for transition minerals.

Other Development Impacts

Q1204 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 Q1204= YES, ASK] Q1204A 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.

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.

Financial Intermediaries

QXX For financial intermediaries, what subprojects are expected to receive financing from the financial institution client? Provide specific details on the projects, including location, sector, GHG emissions created.

As [Oxfam](#) has highlighted, financial intermediaries have failed to be transparent with regards to high-risk projects that they finance. Requiring specific details from the outset will allow for greater transparency and a better understanding of the development impacts of the financial intermediary.

Thank you for considering our recommendations. We note that DFC is currently in the process of updating its Environmental and Social Policy and Procedures. DFC-008 should be revised again after that update to reflect the new requirements in the ESPP. We look forward to continued engagement with DFC to ensure that the agency is a leader in development impact, as well as environmental, social, and human rights accountability so that projects will result in benefits to communities around the world.

Sincerely,

Kate DeAngelis
International Finance Program Manager
Friends of the Earth U.S.
kdeangelis@foe.org

Stephanie Amoako
Senior Policy Associate
Accountability Counsel
stephanie@accountabilitycounsel.org

Carla García Zendejas
Director, People, Land & Resources
Center for International Environmental Law (CIEL)
cgarcia@ciel.org

Caroline Vesey
Senior Campaigns Advisor
Bank Information Center
cvesey@bankinformationcenter.org

Bill Snape
Center for Biological Diversity
bsnape@biologicaldiversity.org