

**BY THE BOARD OF DIRECTORS  
OF  
THE U.S. INTERNATIONAL DEVELOPMENT FINANCE CORPORATION**

WHEREAS, pursuant to 22 USC 9614 and Article VI of the Corporation's Bylaws, the Board shall establish a transparent and independent accountability mechanism; and


WHEREAS, pursuant to Article VI of the Corporation's Bylaws, the Board shall approve an implementation document detailing the manner in which the duties of the independent accountability mechanism will be exercised;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby establishes a transparent and independent accountability mechanism for the Corporation;

BE IT FURTHER RESOLVED, that the implementation document entitled "Independent Accountability Mechanism for the U.S. International Development Finance Corporation," a copy of which is attached hereto, be and hereby is approved by the Board.



Approved by the Board of Directors  
on September 9, 2020

  
Catherine F. I. Andrade  
Corporate Secretary

**Independent Accountability Mechanism**  
**for the**  
**U.S. International Development Finance Corporation**

1. Introduction. The U.S. International Development Finance Corporation (“Corporation”) is establishing an Independent Accountability Mechanism (“IAM”) to implement the requirements of 22 U.S.C. § 9614. In accordance with that law and Article VI of the Bylaws adopted by the DFC Board of Directors (“Board”), the functions of that mechanism will be to:

- (1) annually evaluate and report to the Board and Congress regarding compliance with environmental, social, labor, human rights, and transparency standards, consistent with Corporation statutory mandates;
- (2) provide a forum for resolving concerns regarding the impacts of specific Corporation-supported projects with respect to such standards; and
- (3) provide advice regarding Corporation projects, policies, and practices.

In establishing an IAM, the Corporation has reflected upon and utilized the best practices among 17 international financial institutions (IFIs) and bilateral investment and export assistance organizations to provide an effective mechanism for addressing concerns regarding the social and environmental impacts of proposed projects. Accountability mechanisms have been created for the World Bank, the International Finance Corporation, the Multilateral Investment Guarantee Agency, seven regional development banks and five bilateral development agencies. Through these mechanisms, these organizations have improved their effectiveness in fulfilling their respective missions, ensured compliance with their own mission critical policies and procedures, and improved the flow of information regarding project-level impacts at all levels of decision-making.

2. Principles. Based on the experience at other institutions, the Corporation has identified the following principles to guide the establishment and implementation of the IAM:

- Impartiality
- Accessibility
- Independence
- Integrity
- Transparency
- Professionalism, and
- Responsiveness.

3. Purposes and Objectives. The Corporation has identified several broad goals it hopes to achieve through its IAM. An IAM will improve the Corporation’s effectiveness in fulfilling its mission by ensuring compliance with Corporation requirements and enhancing information flow between locally impacted communities, project sponsors and decision-

makers. The Corporation also expects to benefit from the independent advice that an IAM will be able to provide.

4. Access to the IAM. In light of the experiences at other IFIs and its own structure within the U.S. Government, the Corporation has identified four primary categories of users of the mechanism: (1) impacted communities and people in the host country; (2) their representatives; (3) project sponsors; and (4) Board and Corporation management. Access to the mechanism is different for each of the three possible functions (compliance review, problem-solving, and advisory).

In general, locally impacted communities and their representatives are the primary categories of potential users for both the compliance review and problem-solving functions. Locally impacted communities are often the group with the least effective means for being heard at IFIs, and the projects impact their lives the most. Project sponsors may also benefit from a neutral problem-solving mechanism available to them on a voluntary basis.

5. Outreach to Eligible Stakeholders. The IAM will ensure that project-affected stakeholders have information about how to access its services and complaint process. The Corporation will assist the IAM in carrying out its outreach efforts, including requiring clients and sub-clients (for financial intermediary projects) to disclose the existence of the IAM to project-affected communities in a culturally appropriate, gender sensitive, and accessible manner. The existence of the IAM and how to contact it will be included in appropriate project documents.

The IAM will not tolerate retaliation against complainants or any other individuals involved in an IAM process or outreach activity and will reject any form of threat, intimidation, harassment, violence or discrimination based on the fact that they have exercised their right to raise concerns.

6. Scope of the Mechanism. The Compliance Review function is aimed at ensuring that the Corporation has complied with applicable statutes, rules, policies, and procedures, particularly those meant to protect the interests of affected communities including, for example, environmental, human rights, labor, transparency, and other development-related policies or rules. The Advisory function is intended to be less complaint-driven and more derived from the IAM's experiences and lessons learned. In this respect, the most effective triggers will be those from the Board or senior Corporation management. Other stakeholders could raise suggestions for policy reviews or advisory processes through a simple letter to the Board and/or Corporation CEO.
7. Exclusions. Some types of claims may need to be specifically excluded, including for example: claims that do not involve the Corporation's responsibilities; claims raising issues already decided in previous claims; claims relating to procurement decisions or the selection of consultants; claims meant primarily to harass a business competitor or to otherwise gain

competitive advantage; claims based on allegations that the existing policy framework is inadequate; claims being investigated by other IAM's involved with the project; and, claims under the jurisdiction of the Inspector General (including claims of fraud, corruption, etc.).

8. Employment Status, Selection, and Lines of Reporting. The Corporation is subject to the relevant rules and regulations governing hiring in the U.S. government. Within those rules, the Corporation must balance several factors, including the need to: ensure the IAM's independence; attract high-level applicants; provide sufficient status at the agency; and, fit within the Corporation's budget and employment practices. The IAM shall have full ability to employ consultants and bring in expertise as needed to respond to specific requests, subject to approval by the Board in consultation with Corporation management. As set out in Article VI of the Bylaws of the Corporation, the head of the office responsible for fulfilling the functions of the IAM shall be appointed by the Board, report directly to the Board, and be removable only by a majority vote of the Board.
9. Authorities and Remedies. In keeping with the experience of other IFIs, the Corporation expects that the IAM will be empowered to receive and investigate claims from stakeholders regarding all of Corporation's operations, including activities co-financed with development finance institutions, to draw independent conclusions and undertake conflict resolution and mediation, as appropriate, and, to make recommendations regarding the Corporation's compliance or future steps to resolve the conflict. The IAM will have the necessary authorities to perform its work, including the ability to review all documents relating to the project, to interview staff that worked on the project, and to conduct site visits.
10. Reporting and Transparency. Maximizing transparency and information disclosure of the compliance review process is critical for the IAM's credibility and public confidence in the process. The Corporation thus expects that, wherever possible, findings of the IAM will be made public during the process, subject to the Corporation's statutory responsibilities, including provisions of both the Trade Secrets Act and the Freedom of Information Act.
11. Terms of Reference. Once a director for the IAM is hired – following Corporation management recommendation and Board approval – that individual will establish the terms of reference of the IAM for approval by the Board. The terms of reference will be reviewed and subject to public consultation no later than two years after initial approval by the Board.