



Bank Information Center's Recommendations on the US International Development Finance Corporation's Draft Transparency Policy
October 5, 2023

The Bank Information Center (BIC) welcomes the US International Development Finance Corporation's (DFC) update of its Transparency Policy and positively notes that DFC has provided 60 days for public consultation on the draft document. However, DFC should strengthen its Transparency Policy, aligning it with at least what is required by the multilateral development banks (MDBs) in which the US is a member, such as the International Financial Corporation's (IFC) [Access to Information Policy](#) and the World Bank's [Environmental and Social Framework](#). Consistency across the MDBs and DFC is critical to preserve US credibility with international partners, communities, and the institutions.

It's important to note that while IFC, the World Bank, and some other MDBs currently have better commitments on transparency and access to information than DFC, these MDB policies should not be viewed as best practice but instead considered the "floor" for transparency. As one of the largest shareholders of the MDBs and historically the most vocal advocate for high environmental, social, and accountability standards at the institutions, the US' own development finance institution should be at the forefront of meeting and exceeding industry standards for transparency and access to information. In addition to the recommendations detailed below, we encourage DFC to integrate a clear presumption of disclosure throughout its Transparency Policy, which is absent in the current draft. A commitment to a presumption of disclosure requires that all materials, including policy documents and project information, be publicly disclosed by default and only withheld under clearly defined and exceptional circumstances.

Finally, earlier this year, DFC released its draft Environmental and Social Policy and Principles (ESPP) for public consultation. BIC joined others in civil society in submitting a range of recommendations for strengthening the draft ESPP, including measures to raise the transparency standards within the policy. As DFC updates its Transparency Policy, it's critical that it seeks holistic coverage through both policies. Specifically, we recommend DFC improve the draft Transparency Policy as follows:

- 1. Category A Project Disclosure:** The Transparency Policy references DFC's ESPP for information on its commitments to disclose Category A project information. As a critical element of DFC's transparency and access to information policies, these commitments should be clearly described within both the Transparency Policy and ESPP. Within the ESPP, DFC requires Category A project documents to be disclosed for public comment for 60 days. However, DFC should match the Pelosi Amendment MDB disclosure requirement, which requires US Executive Directors at the MDBs to abstain or vote

against any project with significant environmental impacts if an appropriate environmental assessment has not been conducted and made available to the public 120 days before a vote. Shorter disclosure times hinder opportunities for civil society and project-affected communities to have a voice in the approval process.

- a. DFC should adjust Section 3.4, committing within the Transparency Policy to disclose Category A project documents and environmental and social impact assessments 120 days before Board approval.
- 2. Category B Project Disclosure:** DFC should commit to disclosing project documents for Category B projects at least 30 days in advance of Board approval, including environmental and social impact assessments, information on current co-financiers, and stakeholder engagement plans. This would bring DFC in line with the requirements of peer institutions like IFC. IFC [requires](#) public disclosure of the Summary of Investment Information (SII), and, if relevant, an Environmental and Social Review Summary (ESRS) at least 30 days prior to Board discussion for Category B projects.
 - a. DFC should amend Section 3.3, raising the public disclosure period for Category B projects from seven days to thirty days in advance of the Board meeting or action.
 - 3. Updates to Project Database:** DFC's commitment to disclose project data information 45 days after the end of each quarter is far below the standard set at its peers, including IFC. In practice, this means that DFC routinely fails to disclose project information for proposed investments prior to Board Approval. However, IFC [discloses](#) relevant project information, environmental and social implications, and expected development impact for each proposed [investment](#) project prior to consideration by IFC's Board of Directors. Further, DFC should improve the quality of information in the project database to be easily searchable and accessible, and include cross-referenced links, up-to-date project status, and the ability to search projects by category.
 - a. DFC should adjust Section 3.0 and commit to disclosing project information for all investments before Board consideration or approval rather than quarterly. For consistency with the amended Section 3.3 referenced above, DFC must disclose project documents for proposed investments at least monthly.
 - 4. Financial Intermediaries:** DFC should lower the threshold for disclosing additional information on DFC-supported Financial Intermediaries, Credit Facilities, and Investment Funds. Currently, DFC commits to disclosing additional information when such investments are \$10 million or more. However, this should also be adjusted to include financial intermediary investments rated as high-risk, regardless of investment level. This would match the [standard](#) of IFC, which discloses information on FI-1 and FI-2



investments, including the rationale for categorization and main environmental and social risks.

- a. DFC should commit to disclosing all high-risk financial intermediary investments under Section 3.2 in addition to investments of \$10 million or more. This would put DFC's standard in line with what IFC requires.
- 5. Board Hearing Disclosure:** DFC should post its Board calendar every quarter, displaying all upcoming hearings and events for three months. This calendar should also include the items to be discussed, pending projects, and the date and time of Board consideration. This would put the DFC standard in line with the [World Bank](#).
- a. DFC should amend Section 5.0, raising the notice period for upcoming Board meetings from seven days to quarterly.