

FY2024 Interim Report to the U.S. Congress on Activities of DFC's Independent Accountability Mechanism, May 6, 2024

Message from the Director

I commenced my duties as DFC's Director, Independent Accountability Mechanism (IAM)/Office of Accountability (OOA) on February 26, 2024. This interim report was generated in response to the mandated reporting requirement contained in the Joint Explanatory Statement – Division F, Department of State, Foreign Operations and related Programs Appropriation Act, 2024 (p.36/7)¹.

Congressional Subcommittees

On April 10 and 11, 2024, I had the opportunity to attend in-person meetings with participating staff from House and Senate Subcommittees on State, Foreign Operations, and Related Programs, Committee on Appropriation, House Committee on Foreign Affairs, and Senate Committee on Foreign Relations. During these meetings, I was able to introduce myself and describe ongoing and planned activities, as outlined below.

Engaging with CSOs

On April 9, 2024, I was able to attend a meeting hosted by a coalition of Civil Society Organizations (CSOs). The meeting attracted representatives from eight CSOs focused on DFC's environmental and social performance, transparency, and accountability. During the meeting, I was able to respond to many questions, including on topics highlighted in this interim report.

Staffing Posture

Until most recently, the IAM/OOA was resourced by one full-time equivalent (FTE) staff: the Director. The previous Director, who is retiring, was retained to assist during a transition period ending May 2024. The IAM/OOA is currently in the process of recruiting a second FTE to be filled before the end of FY24. The IAM/OOA has also engaged a legal analyst from the Presidential Management Fellows Program who will be starting in June 2024.

¹ "Accountability. -The agreement includes funds to support no less than two full-time equivalent (FTE) staff for DFC's Office of Accountability (OA). Not later than 45 days after the date of enactment of the Act, the OA Director shall submit a report to the appropriate congressional committees detailing: (1) the staffing posture of the OA, including the timeline for onboarding a second FTE; (2) the timeline for public consultation on, and DFC's Board of Director's review of, the OA's operational guidelines and procedures, which shall occur not later than 90 days after the date of enactment of the Act; (3) an outreach strategy to ensure project affected communities and stakeholders are adequately informed of the OA's existence, services, and methods of contact; and (4) any challenges to, and plans to ensure, the OA's independence, including with regards to staffing, budgetary needs, and direct reporting to DFC's Board of Directors. The OA Director shall consult with the Committees on Appropriations prior to the submission of such report."

Terms of Reference

IAM/OOA has developed a Draft Terms of Reference (TOR) for the IAM. The Draft TOR, an associated Stakeholder Engagement Plan, and a Concept Note highlighting key issues and changes are expected to be published by the end of May 2024. The Draft TOR will be subject to a 60-day public consultation process prior to DFC Board review and approval of the final TOR.

Outreach Strategy

IAM/OOA's outreach strategy was web-posted in March 2024². Alongside the accountability mechanisms of numerous other Development Finance Institutions, DFC's IAM/OOA plans to participate at three international outreach events in 2024: (a) the 43rd Annual Conference of the International Association for Impact Assessment in Dublin, Ireland, (b) a regional CSO outreach event organized in Nairobi, Kenya, and (c) the annual IAM Network meeting in Manila, the Philippines. IAM/OOA's outreach will continue to include DFC and its clients/project.

Case Management

On March 19, 2024, DFC's Chief Executive Officer requested that the IAM/OOA conducts a compliance investigation of the 2013 U.S. Overseas Private Investment Corporation (OPIC, DFC's predecessor) loan to the Bridge International Academies project in Kenya³. The IAM/OOA published its TOR for the compliance review, has received access to DFC's records about the case, and continues the procurement process to engage expert consultants.

Challenges

As I am starting my new role, I am conscious about the role IAM/OOA can play to further strengthen DFC's accountability posture and performance. This will include outreach and enabling access to affected communities and workers to have their environmental and social concerns independently reviewed and addressed. I warmly welcome the support offered by Congress and other parties to ensure DFC delivers an independent and effective accountability mechanism.

Sincerely,

Mehrdad Nazari, Director
Office of Accountability

² <https://www.dfc.gov/sites/default/files/media/documents/OOA%20Outreach%20Strategy%20March%202024.pdf>

³ <https://www.dfc.gov/kenya-bridge-international-academies-2013-opic-loan>